No. 29,111

Monday September 5 1983

**EUROPE'S BUSINESS NEWSPAPER** 

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#### NEWS SUMMARY

**BUSINESS** 

RRITAIN has made a number of

how it could increase imports, in-

tors to buy Japanese companies, tax incentives for importers and

discouraging local production of Eu-

within the European Monetary Sys-

tem last week. Market attention

pansion in U.S. money supply.

EMS September 2,1983

DIVERGENCE STATE OF THE PROPERTY OF THE PROPER

The chart shows the two constraints

on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the sys-

tem, defines the cross rates from

• GREECE, the European Commu-

ture ministers starting in Athens to

• SWEDEN said it will hold formal

negotiations with Denmark over a disputed zone of the Baltic Sea where the Danes are drilling for oil.

in Bahrain have agreed to lower their fees, the highest in the world,

■ RABOBANK, the large Dutch co-

operative bank, said net earnings for the first half of 1983 rose 24 per

cent to F1 301m (\$100m) from F1 243m a year earlier. Revenues rose

French car maker is to set up an as-

sembly plant in Egypt. Page 5. The company's British import arm has

reduced its range from 50 to 38 cars.

■ AGA GROUP of Sweden reported a 15 per cent increase in income be-

fore tax for the first half of the year

• JACOBS-SUCHARD, the Swiss

coffee and chocolate group, expects a 20 per cent rise in profits for this

to SKr 278m (\$35m), Page 18

11 per cent to Fl 1.9bn. Page 18 • RENAULT, the state-owned

by up to 25 per cent.

Page 2

### GENERAL unrest

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r parkey

### Pakistan UK tells Japan to increases step up as 12 die imports

Pakistan's anti-government unrest entered its fourth week with no end in sight yesterday after the worst clash so far in which 12 people died, including seven policemen, at Mo-ro, north of Karachi. Police fired on demonstrators, who apparently

The Sind Province Government announced immediate cash pay-ments of \$1,500 each for the families of the seven policemen who

President Zia was to return to Islamabad late last night after a sixday official visit to Turkey and a pilgrimage to Mecca and Medina.

#### Peronists in chaos

The Peronists, Argentina's main political group, was struggling against. a major internal crisis yesterday af-ter its national convention failed to chose a presidential candidate.

#### Solidarity boost

Poland's church leader Cardinal Josef Glemp yesterday defended Mr Lech Walesa and the Solidarity trades union movement against official criticism. Page 2

#### Protest burning

West Germany's anti-nuclear movement lifted blockades of U.S. air bases at Mutlangen, near Stuttgart, and Bitburg, near Trier, after clashes with police and an attempt by a woman protester at Bithurg to

#### burn herself. Mandela rally banned

The South African Government banned a weekend rally planned to member. The latter received central alist Nelson Mandela, the symbolic leader of the outlewed African National Congress.

Waxworks bomb A bomb exploded outside a museum of wax figures in central Madrid yesterday causing damage but no

#### Chemicals assurance

Spanish health authorities have told people living near Bilbao in the north that a cloud of gas from chemicals salvaged after last week's floods is not poisonous.

#### Plans for poison

Forty-one barrels of poisonous dioxin waste from Seveso in northern Italy, which have been stored in Basle, Switzerland, by chemical com-pany Hoffman La Roche since June will probably be incinerated in the

#### Maltese shuffle

Maltese Prime Minister Dom Min-toff has resumed control of the Min-in Bahrain have agreed to lower istry of the Interior, which controls the army and the police, and given

new jobs to all but three ministers.

#### Submarine action

The Swedish navy dropped three salvos of depth charges at the week-end on a suspected alien submarine near a naval base in the Kariskrona Archipelago, southern Sweden.

#### 1984 candidate

The Libertarian Party, which fa-vours unrestricted use of alcohol and drugs and the abolition of income tax, chose Californian lawyer David Bergland as its 1984 presidential candidate.

#### Briefly...

Nato started land and sea manoeuvres in Denmark yesterday. Spanish nun was found killed in Eq-

• BRITISH AEROSPACE Dynam-

year. Page 18

ics, backed by the British Government, is embarking on a \$1.9bn programme to improve its Rapier air Seventeen of Nigeria's 19 states vot-

rience system. Page 6 ed for new assemblies.

### Fierce fighting in the Chouf after Israelis pull back

BY PATRICK COCKBURN AND NORA BOUSTANY IN BEIRUT

FIGHTING broke out in the Chouf coast road north of the new Israeli mountains east of Beirut yesterday line, the army said.

as Druze and Christian militiamen The Druze militia

The Lebanese army, which was to have taken over the abandoned positions to keep the two militias apart, said the Israelis had pulled out without giving them any precise time. The Israelis said the army had refused to cooperate with them.

The Druze militia moved quickly

battled to secure positions vacated to take over the Israelis' key positions, but the Christian militia, which moved into the Choul after Israel's invasion of Lebanon last year, seemed to have made fewer tactical gains.

quest of the U.S., had rejected a road.

last-minute plea from Mr Robert

Macfarlane, the U.S. special Middle

During the troop pullout, two Israeli jets strafed tanks moving to-

Secretary, said. "I'm sorry they control.

Yesterday's heaviest lighting was at the Beirut end of the highway loading to the Syrian capital, Damascus. The Druze militiamen said The Israelis, having twice post-they were close to surrounding the poned their withdrawal at the re-town of Bhamdoun on the main

A 3,000-strong Lebanese army brigade took the vital crossroads of Khalde, south of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the interval of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport, and will move to gain control of the airport are airport and the control of the airport, and will move to gain control of the airport are airport and the control of the airport and the control of the airport are airport and the control of the airport and the contro

tains after the withdrawal. "We had hoped the Lebanese army would go in," Mr Dan Meridor, the Cabinet the T-55 tanks were under their till Israel withdrew unconditionally.

Even if the Syrians have not engaged actively in the lighting, Damascus is showing increasing confidence in its ability to give support to opponents of President Amin Gemayel's Government in Beirut without provoking Israeli retaliation. The Syrian press at the weekend warned the Lebanese army not to move into the Chouf against Syr-

ia's Druze allies. State-run Damascus Radio said yesterday it would not allow Leba-

The Lebanese Government reacted angrily to the Israeli withdrawal. A statement from Prime Minister Mr Shafik Wazzan and Foreign Minister Mr Elie Salem, said the pullout was staged outside the framework of the withdrawal pact between the two countries. The pact was "as good as frozen," the statement said.

Egypt urged the U.S. to work for a complete pullout of Israeli troops, Continued on Page 16

criticism of the Government's eco-nomic policies. But Sr Antonio Del-

fim Netto, the Planning Minister,

has assured President Joao Fi-

gueiredo there would be no trau-

Sr Delfim Netto has emerged

from the Langoni episode with his

mer central bank governor over do-

mestic economic policies and differ-

The Finance Minister underlined

matic consequences for the Brazil-

ian debt renegotiation.

Sr Galveas said.

#### Chinese plan to purge 100,000 criminals

CHINA has ordered the arrest of more than 100,000 suspected crimi nals and stronger penalties as part of a national purge on lawlessness. The purge is expected to lead to a

wave of mass executions and the sending of tens of thousands of people to remote labour camps. A Communist Party circular, be-heved to have been directed by China's supreme leader, Mr Deng Xiapping, has set police a target of between 100,000 and 150,000 arrests by next February, including 30,000

arrests in Peking alone. A week-long session of the standing committee of the National Peo-ple's Congress, which ended on Fri-day, was dominated by concern over a recent jump in violent crime,

theft and fraud. The committee has extended the death penalty to people convicted of leading armed gangs, operating "reactionary and superstitious secret societies," organising prostitution, selling brides and illegally

dealing in weapons and explosives. The anti-crime purge appears to be the biggest drive to restore social order in China since the Cultural Revolution.

authority apparently enhanced af-ter months of conflict with the for-Already more than 5,000 people, mostly unemployed youths, are believed to have been rounded up in ences of opinion over foreign debt Peking. A total of 120 convicted criminals have been shot in mass executions in Peking, Shanghai and the point on Saturday, saying that President Figueiredo had delegated full powers over economic policy to Tianjin, and five other members of a gang of robbers were sentenced to

death in Shanghai late last week. Mr Deng publicly backed the Sr Delfim Netto. "We are going to have to work with an iron budget," purge 12 days ago at a rally in Peking's Workers' Stadium attended Sr Galveas also made the surprisby thousands of city workers. Shortly after the rally, 30 people, mostly convicted of murder or rape,

were executed. The purge appears to be directed particularly at petty thieves and gangs of unemployed youth which have spread in China's larger cities with the relaxation of restrictions

on people's movements. The party circular is believed to offences during the purge should be reformed at labour camps or ordered to join work teams in Qingbai

#### controversial proposals to Japan on U.S. rules out major cluding incentives for foreign investrade sanctions ropean goods in favour of importing them directly. Page 9 • CURRENCIES traded quietly against Soviet Union once again remained focused on the dollar and the effects of further ex-Trading volume fell towards the end of the week, with U.S. centres closed today for a public holiday. The French franc remained the

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

President Ronald Reagan has ruled out "major" economic or political sanctions against the Soviet Union over the downed South Korean airliner and is instead seeking a "calm but firm" response with the maximum international

leaders at the White House yester-day, the U.S. was understood to be still consulting its allies over measures concentrating on civil aviation restrictions to show worldwide

disapproval of Soviet conduct.

A White House announcement of the retaliatory measures was delayed - apparently to allow the consultations to continue - and officials

said that Mr Reagan would address the nation on the incident tonight. The White House made it clear over the weekend that arms talks with the Soviet Union would carry on uninterrupted in Geneva and that the U.S. was not contemplating a cancellation of the new U.S.-Sostrongest currency within normal viet grain agreement or other "matrading bands, touching its highest permitted cross-rate level against the Belgian franc, the weakest said that Thursday's meeting in Madrid between Mr George Shultz. divergence limit from ECU central terpart, would concentrate "virtual-

nation of the incident.

tem, defines the cross rates from which no currency (except the lira) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currency currency expressions. • SPANISH Government began discussing a draft budget for next year, which foresees a slightly high-er budget of Pta 1,200bn (\$7.9bn). not carrying out espionage activi-ties either for the U.S. or South Konity's newest member, hosts a meeting of the 10 nations' agricul-

transfers, he said.

While some intelligence experts that the Soviet fighter had come

er and flown around it, he said.

The U.S. also now knew that the airliner had had its strobe and navigational lights on, despite Moscow's launch a renewed campaign for the bank support from time to time and the U.S. State Secretary, and Mr contention that it was flying with soviet airspace. The tapes had first release of imprisoned black nation-remained comfortably within its Andrei Gromyko, his Soviet counfor its "hideous, unacceptable be-Mr John Tower, chairman of the haviour and demanding an expla- Senate Armed Services Committee,

said that if the Soviet Union could Earlier the intention had been to not recognise a Boaing 747 in threediscuss a wide range of East-West quarter moonlight at high altitude, issues, including a possible summit it was guilty of "terrible incompetenceing between Mr Reagan and Mr Yuri Andropov, the Soviet leader, next year.

The U.S. continued to reject Soviet versions of the fate of the airfor the sort of intelligence activity U.S. officials pointed out, howliner, which Washington says was ever, that even if the Soviet Unioin shot down without warning by a had shot down a U.S. military re-

Mr Daniel Moynihan, vice-chairman of the Senate Select Intelli-Mr Lawrence Eagleburger, Ungence Committee, said that the U.S. der-Secretary of State for political had not yet fully heard all the com-

As Mr Reagan met congressional affairs, said that measures taken in - munications between the aircraft response would "hurt" the Soviet and Japanese air traffic control, It Union. Part of the "cost" should be was, however, known that the aircongressional confirmation of Mr liner gave a wrong report of its posi-Reagan's plans to build his new MX tion and was confirmed in that posi-intercontinental missile and more tion, without realising that it was readiness by U.S. allies to limit wrong, he said. He did not know if Japanese ground control had tried subsequently to correct the posi-

U.S. information has been drawn here suggested that the Soviet
U.S. information has been drawn
Union might have mistaken the Kolargely from Japanese tapes monirean Boeing 747 for an American toring the Soviet pilots' conversa military reconnaissance aircraft—
of the type that regularly patrol the
area outside Soviet airspace—Mr
Eagleburger said he found this very
Eagleburger said he found this very

ming the Soviet phots conversation, which according to one official, were not available to Washington
until 12 hours after the actual incident. Mr Shultz has said that there difficult to believe. The U.S. knew was no way that the U.S. could have that the Soviet fighter had come warned the aircraft because the within two kilometres of the airlin- U.S. did not know that it was in jeopardy until after the event.

The Japanese recordings cover only about half an hour of the 2% hours in which the airliner was in

tapes at his briefing of Congressional leaders yesterday. Mr Howard Baker, the Senate Republican leader, said afterwards that it was "clear beyond any doubt" that the Soviet Union did shoot down the

He said the pilots talked about arming and disarming heat-seeking missiles, then re-arming, "locking on" and firing, it was not clear from the tapes, however, whether orders to fire had come from ground conheat-seeking missile fired by a So-viet Su-15 interceptor fighter. Offi-civilian airliner, it would still have created a major superpower incimander must have sought higher

Continued on Page 16 Editorial comment, Page 14; Grouyko due in Paris, Page 2

### Brazil ready to sign letter of intent with IMF

BY ANDREW WHITLEY IN RIO DE JANEIRO

SR ALFONSO PASTORE, Erazil's goni, who departed in a blaze of new central bank governor, is expected to sign the country's much revised letter of intent to the International Monetary Fund within the

Key aspects of the agreement covering the renegotiation of Brazil's international debts were revealed by Sr Ernane Galveas, the Finance Minister. Foreign creditors were reassured that the resignation of Sr Carlos Langoni as central bank governor on Friday would not affect the rescheduling. Sr Galveas said Brazil was aim-

ing at a trade surplus of \$9bn in 1984, and a current account deficit of between \$6bn and \$6.5bn. The international banks which form the Brazilian Advisory Committee are known to want to see the deficit reduced to nearer \$5bn.

The Finance Minister also de fended the inflation target for next year of 55 per cent, a figure critcised by the outgoing central bank governor on Friday. It was not "an absurd percentage" Sr Galveas commented. But he added that the real goal was to reach a monthly rate of 2.5 per cent by the last quarter of 1984.

Inflation, Sr Galveas emphasised, ance plane would fly over the Soviet Japanese and then into English.

Union with its lights on?" he asked.

Mr Reagan produced some of the He said one reason why the new letnow was that M Jacques de Larosiere, the IMF's managing director, had wanted to wait until the August inflation figure was known.

but it is expected to be between 9 and 10 per cent, producing an annual rate of inflation of over 150 per next few days.

No official statement has been made on the resignation of Sr Lan-

ing disclosure that Brazil had delayed \$400m worth of debt payments falling due to Western governments since last May. He is to attend talks on renegotiating Brazil's government-to-government debt in Paris in mid-October No more resignations are expect-

ed at the central bank beyond those of Sr Langoni and Sr Antonio Cha-gas Meirelles, a senior director who med on Friday, and a third ter of intent had been delayed until director, Sr Hermann Wagner Wey, who was leaving on health grounds. But there are widespread reports that another heavyweight ligure on | province, in the isolated far west of

the Brazilian economic scene, Sr This has not been announced yet Luis Sande, the president of the

The chairman of the standing Federal Development Bank, the committee, Mr Peng Zhen, said at BNDES, is to be replaced within the the weekend that tougher law encommittee, Mr Peng Zhen, said at forcement would restore social or-Congress and the IMF, Page 14; der to the good levels of the 1950s OAS needs \$20bn a year. Page and early 1980s, before the upheav-16;International credits, Page 17. al of the Cultural Revolution.

### European nations to unveil plan for fast breeder collaboration

BY DAVID FISHLOCK, SCIENCE EDITOR, IN LONDON

A MASTERPLAN for international has been negotiated by Sir Peter of the plutonium-fuelled fast breed- fast breeder reactor at Dounreay. er type of reactor is expected to be

revealed today. The six - Britain, France, West Germany, Italy, Belgium and the not available elsewhere in Europe, Netherlands – have agreed to collaborate on four different levels in developing the commercial fast the safeguarding of plutonium France, scheduled to generate its reactor.

Agreements are being signed beclear manufacturing industries of the six, backed by a memorandum of understanding between govern-

establishment of the UK Atomic Energy Authority in the north of Scotland, where Britain's £180m (\$149m) a year fast reactor development effort is centred. The international collaboration

collaboration between six European
Hirsch, chairman of the UK AEA, pile of plutonium from present-day
nations for the future development which operates a 250 MW prototype reactors is growing at the rate of Dounreay will become a key part

The fast breeder reactor is being tween the research agencies, the developed to ensure the future of between three of the six - France electricity industries and the nupresent nuclear fuel, becomes

nents. product of present-day reactors, but the reactor simultaneously breeds sures, the future of the Dounreay additional plutonium fuel from the non-fissile part of uranium, now discarded by the nuclear industry. It is estimated that Britain already has greater energy reserves stockpiled in this "waste" uranium than it has in coal reserves.

At the same time, Britain's stockabout three tonnes a year.

The six nations will collaborate in of the collaboration, contributing the development and design of the experience and facilities that are experience and facilities that are This is expected to be a successo first electricity next year.

Superphénix is a collaboration three, together with Belgium and scarce.

It is fuelled with plutonium, byin a collaboration which is building a prototype fast breeder reactor at Kalkar in West Germany.

Superphenix 2, likely to be about 1,500 MW and expected to be built in France, could involve the engineering and electricity industries of all six partners, with the aim of

Continued on Page 16

# EXPOSURE.

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out more about them soon. They could make all the difference

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### **Standard Chartered** ❖

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Philippine opposition calls

A MAJOR Philippine opposition (Lakas Ng Bayan), under which group, invoking the political Mr Aquino ran in 1978 as ideas of its slain leader Mr candidate for the National Benigno Aquino, called during the weekend for civil distull force and declared that the obedience as a means to late Mr Aquino's idea of restor-

The People's Power Party such as civil disobedience.

for civil disobedience

from the Beirut area and the Chouf Mountain yesterday, leaving local forces to fight it out for control of the evacuated

By late last night the Israeli troops had virtually completed the pullback to the new defence line on the Awali River. Israeli tanks and armoured personnel carriers began pour-

ing southwards at 5 pm on Saturday, despite a last-minute plea by the U.S. to delay the withdrawal.
While most travelled by land, some soldiers and their equip-ment were evacuated by sea. They departed in landing craft

from the same beach north of Sidon where they originally landed 15 months ago at the beginning of the Israeli invasion of Lebanon. Israel pulled out of a 600 sq

BY EMILIA TAGAZA IN MANILA

their occupation of land populated by 200,000 Lebanese.
This modest withdrawal is

designed to remove the Israeli inside forces from some of the most troublesome areas they occupied. But it still leaves Israel in control of most of the territory captured in last year's invasion South of the Awali River. Israel holds sway over more than 500,000 Lebanese in a 2,800 sq km area stretching 40 miles north of the Israeli

The new Israeli front line, in Lebanon, which is meant to be only temporary, cost U.S.\$40m (£30m) to build. It is not a rigid, Maginot line, but made up of fortified positions and look-out posts. Above all, Israel is relying on the difficult nature of the terrain to keep out guerrillas.

ing a free government was

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side, you now know

what to do.

clock, must be reaching the

Mr Yitzhak Shamir, the Israeli Foreign Minister, yesterday began detailed dis-cussions with Right-wing and religious parties to set up a new coalition Government, Reuter reports from Jerus-

week took over the leadership of the Rightist Herut (Free-dom) party, has already secured a commitment in area. A bomb blew a wall across the main coastal highway be-

tween Sidon and Tyre seconds

week-nid anti-Government agi-

tation, opposition politicians

before we reached the spot. Dusty and weary Israeli soldiers who had evacuated the

Mr Shamir, 67, who last

principle from 64 of the 120 members of Israel's Knesser to serve under him. The 64 deputies have called on President Chaim Herzog to nominate Mr Shamir to

form Israel's next government after Prime Minister Menahem Begin formally resigns. One of Mr Begin's senior aides said yesterday the Prime Minister was still delaying submitting his letter of resignation

15 months ago," explained an unshaven young officer waiting to take his armoured personnel carrier on to the waiting land-ing craft.
"I never thought we would

More killed in Pakistan violence

TWELVE people were killed on opened small arms fire on the when police opened fire on Saturday in the worst shooting police, incident in Pakistan's three five policemen died. The opposition

tion said seven demonstrators were

also killed in the clash.

The shooting took place at Moro, 150 miles north of Rarachi in Sind Province, when police opened fire on opposition demonstrators. The demonstrators are reported to have total at 43, most of them killed

Five policemen died. The opposi-

Perhaps underlining the diffi-culties still facing Israel, our convoy narrowly escaped an ambush after withdrawing well inside the Israeli-controlled "I landed exactly at this spot react to events and allowed ourreact to events and allowed our-selves to be dragged along by others," he said wearily.

The officer added: "I hope we won't have to come back here. No one wants to help the Druze and Phalangists in the Chouf after the experience with them of the past year."

Israeli spokesmen said withdrawal from the Chouf and Beirut area went smoothly and was ahead of schedule. At Damour, on the coast, some vougesters threw jasmine and sprigs of heather at the depart-

ing troops. The military spokesman said that all Israel's efforts to bring about agreement between the Druze, Christians and Moslems

More than 3,000 opposition

politicians and political activists

have been arrested in the past

three weeks while about 250

of them have been sentenced

to up to 10 lashes and one year's jail each for violating the martial law ban on poli-

#### Glemp calls on Polish authorities to negotiate

By Christopher Bobinski in

POLAND'S CHURCH leader, Cardinal Jozef Glemp, yester-day defended Mr Lech Walesa and the banned Soliwates and the banket sold darity-trade union movement against official criticism and reiterated a call for dialogue between rulers and ruled. Speaking at Czestochowa, at speaking at Caestonium as harvest festival ceremonies which drew tens of thousands of farmers, Cardinal Glemp's remarks reflect the courch's bitter disappointment that so little progress has been made to resolve Poland's political

problems since the Pope's visit here in June.
Cardinal Glemp warned that continued delays might cause a western church aid scheme for Polish farmers to scheme for Polish farmers to founder if delays in negotiating the detail with the anthorities persist. Polish leader General Wolciech Jaruzelski has approved in principle a scheme worth \$20m (£1.3bm) over five years in which Western churches. in which Western churches are to raise the money.

The cardinal implicitly re-buked Mr Mieczyslaw Rakowski, a deputy premier, for the way he treated Mr Walesa at a Lenin shipyard meeting at the end of August

#### Madrid plans higher deficit

A SLIGHTLY higher deficit of Ptz 1,200bn (£5.3bn) is planned in the draft 1984 budget which the Spanish Socialist Government began discussing this weekend. David White writes from

Madrid.
The deficit figure, equivalent to 5.5 per cent of gross domestic product compares with a shortfall of Pta 1.100bn in the 1983 budget, belatedly presented in April The current year's figure, similar to 1982's, was trimmed from an initial target of Pta 1.250hm—or 6 per cent of GBP—to make allowance for cost overruns. The figures could be modified following the Basque flood disaster.

#### Mintoff reshuffles Malta Cabinet

ONE MINISTER has lost his job and all but three of Maltese Premier Mr Dom Mintoff's Ministers have been assigned new responsibilities in a mysterious cabinet reshuffle announced over the weekend, Godfrey Grima

reports from Valeta. Mr Mintoff has again taken over the Interior Ministry, responsibilities for the policy and the army, interior Minister Mr Lorry Saut has been moved back to the Ministry of Public Works and Dr Carmelo Misud Bonnici has been transferred from the Ministry of Labour to that of

#### Chad calm after one-day battle

NORTH-EASTERN Chad was calm yesterday after a one-day battle which the Government of President Hissene Habre hailed as a morale-boosting victory over Libyan-backed revels, Chad officials said. Reuter reports from

N'Djamena. No fighting was reported from the Oum-Chalouba area from the Oum-Chalouba area some 640 km (400 miles) from N'Djamena, where the Government said a large rebel force attacked its garrison last Friday, they added.

#### War with Iran will

continue, Irag vows IRAQ marked the third anniversary of its war with Iran yesterday with a vow that it would continue fight-ing until the end of the century unless a just solution to the conflict was reached.

Renter reports from Baghdad.
"If Iran continues its aggression, Iraq will continue to fight in defence of its land and pride," Adnan Kheirallah, Defence Minister, said in an interview with the Government newspaper Al-Jumhuriya.

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### French set to grill Gromyko on shooting of aircraft

Soviet Foreign Minister, is due in Paris today for a working visit that seems likely to be transformed, by the shooting at down of the South Korean air liner, into a major diplomatic and domestic political event.

French indignation at the incident is expected to be reflected in demonstrations against Mr Gromyko, who will be in Paris for 24 hours. He will also come under strong

be in Paris for 24 hours. He will also come under strong questioning from the French Government, which has both condemned the Russian action and joined Canada and Japan at the United Nations in demanding an international inquiry. Today's talks will be the first opportunity that a senior Soviet Minister has had to give a first-hand account of to give a first-hand account of the incident since is occurred.

Reflecting its domestic political significance in a country in which the most pro-Soviet of the major Western Communist parties is a partner in the coalition Government, M Jacques Chirac, the neo-Gaullist Opposition leader, said the visit should have been called off.

The Government decided against that course. But the Socialist Party has traditionally reacted sharply to instances of Russian brutality. It was because of Russia's actions in Poland and Afghanistan that President Francois Mitterrand decided to adopt a far cooler attitude to the Soviet Union than the special relationship cultivated by former President

cultivated by former President
Giscard d'Estaing.
Today's visit is thus the first
to Paris of the Soviet Foreign
Minister since the Socialists
took office. M Claude Cheysson
has only visited Moscow once—
in February this year when the
two sides took stock of the
differences that separate them.

MR ANDREI GROMYKO, the 47 Russian diplomats in April Soviet Foreign Minister, is due in Paris today for a working to was seen as an attempt to keep the dialogue moving while. at the same time, explaining more fully Russia's latest offer to scrap some of its \$5.20 nuclear missiles based in Europe.

The airliner incident will inevitably place fresh strains on Franco-Soviet relations. But, it will give the French an occasion to put across to the Russians their strongly-held views that French and British missiles must not be included in any agreement that might be struck between the U.S. and the Soviet Union at Geneva. The Russians have offered to limit their European-based SS-20s to 162. or the number of missiles directed at the Soviet Union

that France and Britain have.

This issue also spilis into
French domestic politics
because the Communist Party
—in open defiance of M. Mitterrand — supports Russian view. M G Marchais the Communist leader, after talks in Moscow with President Yuri Andropov in July, said that, if France counted on U.S. defence support, then the Russians had the right to take into account French nuclear weapons. The French Administration's fear is that the French Communists are being used by Russia to make it seem that France is the major

Geneva. The Communists' ability to press this argument successfully will be undermined domestically by the shooting down of the

The Communist reaction has so far been embarassed and ambiguous, M Roland Leroy, director of the two sides took stock of the mixing the differences that separate them. Communist daily l'Hushanite Since then the only major said he felt "deep emotion" but milestone in Franco-Soviet relations has been the expulsion of that needed clearing up.

#### Peronists in disarray after failure to name candidate

BY HIMMY BURNS IN BUENOS AIRES

THE PERONISTS, Argentina's charges of corruption against major political grouping, were Sra Peron
yesterday struggling to avert a \_\_in\_splte\_of\_widespread media major internal crisis after their predictions to the contrary, Sra national convention adjourned Peron failed to arrive in Buenos in disarray without naming a Aires on Saturday morning.

presidential candidate. Sra Peron, who was toppled

The planned two-day convention broke up after less than an and who still is the titular head hour on Saturday because of the of the Peronist party, has reabsence of more than a third of the delegates. Key party officials, including the nominee for the governorship of Buenos Aires, Sr Herminio Iglesias, were prevented from attending were prevented roll after their elec-tion in the capital's local party congress last month had been declared illegal in a last-minute ruling b ythe country's electoral

Sr Iglesias has been publicly accused by his party rivals of electoral fraud and of alleged links with the illegal drugs trade

and prostitution. The start of the convention was further undermined by the was infiner undermined by the growing support for the nomina-tion as presidential candidate of Sra Maria Estela "Isabelita" Peron, the wife of the late Gen. Juan Peron, who is still exiled in Madrid.

military junta agrees to drop

mained silent about her intentions. The enigma surrounding her political future has been exploited by an orthodox faction of the party, who see her as the only "legitimate" heir of Gen Peron, and who are deeply opposed to the nomination of

Italo Ouder, a former Senatur.

Sr Ouder, a compromise candidate, has emerged as front runner in the internal party elections for convention delegates that has taken place

over the past two toonths.

The divisions within the The divisions within the Peronists are a further setback to the party's chances in the presidential elections on October 30. The Peronists may rival the Radicals, who have been making major inroads into public opinion ever since they in Madrid.

Some party delegates prothe candidacy of Sr Raul posed that the convention Alfonsin, a lawyer and outshould be postponed until the spoken defender of human

#### Salvador rebel offensive cuts route to Honduras

BY TIM COONE IN TEGUCIGALPA

THE Left-wing FMLN-FDR Reagan's special envoy to guerrillas have launched an allout offensive against the eastern town of San Miguel in EI Salvador, according to military officials in San Salvador.

The town is located on the strategic Pan-American highway and the attack has effectively cut the only route southward leading to Honduras and Nicaragua.

San Miguel residents said that heavy fighting began late on Saturday night and was continuing without let-up well into yesterday.

Ser Pulpan Tamors one of the Central provinces and to bottle them up in their traditional strongholds of Morazan and Chaletenango, bordering Honduras. As the army strength increases with the training of

tinuing without let-up well into yesterday.

Sr Ruben Zamora, one of the FMLN-FDR leaders, who met Mr Richard Stone. President Honduras. As the army strength increases with the training of the new battalions, it intends going over to the offensive in these two provinces also.

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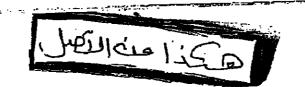
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#### **OVERSEAS NEWS**

PROPOSED CHANGE TO IRELAND'S CONSTITUTION HAS CLAIMED POLITICAL AND SOCIAL CASUALTIES

### Irish abortion debate widens rifts

BY BRENDAN KEENAN IN DUBLIN

lic go to the polls on Wednesday in one of the strangest exercises of the frenchise they have ever undertaken. What began ostensibly as a referendum on the issue of abortion has turned into a bitter and complex debate on the nature of Irish society itself.

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In the process, the reputations of most of Ireland's political leaders have been damaged, the Roman Ca-tholic hierarchy has become involved in politics in a way not seen for 30 years and relations between the churches have deteriorated into

Abortion is illegal in the Republic but anti-abortion groups feared it might be introduced by judicial decision. In the past the European courts have found against the Republic's laws on contraception and, more recently on Northern Ireland's law on homosexuality.

A pressure group was formed to change the Irish constitution to make it impossible for the antiabortion laws to be struck down.

Their campaign was mounted just as the present Irish premier. Dr Garret FitzGerald, and his rival, Mr Charles Haughey, were locked in two neck-and-neck elections - in

THE 2m voters in the Irish Repub- 1981 and 1982 - with neither able to vigour of the anti-amendment camachieve an overall majority.

Both were forced to promise that they would amend the constitution but when Dr FitzGerald returned to power last year be decided that Mr Haughey's text for an amendment

However, he failed to get his own proposal through Parliament, when eight members of his Fine Gael parabstained on the vote. The episode is widely regarded as having damaged Dr FitzGerald's standing in the party. The biggest casualty was his policy of making the Irish constitution less Catholic in tone the so-called "constitutional cruwhich now looks like a very empty policy indeed.

While Fine Gael has remained openly divided on the issue, Mr Hanghey's Fianna Fail has stayed resolutely out of the argument. This has been widely seen as a cynical tactic and neither of the major parties can claim to have won any victories in the campaign.

However, the leaders of the two parties were last night expected to clarify their positions. Mr Haughey d a television appearance and Mr FitzGerald's office was ex-

paign, in a country where hardly anyone argues publicly in favour of abortion. Instead, the opponents of the amendment argue that it is sectarian, harmful to relations be-tween Catholics and Protestants in the whole of Ireland and is so vague that it could, on one interpretation,

allow legal abortion or, on another,

make some forms of contraception

They scored a notable coup when the British broadcaster and antiabortion campaigner, Mr Malcolm Muggeridge, refused to speak in support of the amendment, on the grounds that the wording was imprecise - "devil's phrases" as Mr ally unprecedented in a country where clergymen are all too control of the sectarian tensions be-

Opinion polls suggest that the vo-ters are confused. They show a majority in favour of the amendment but over half the voters think it should never have been held, while almost a fifth have yet to make up

It may have been these figures which persuaded the Roman Cath-olic bishops to intervene publicly. would be exploited by left-wing ele-olic bishops to intervene publicly. As they put it in their statement: "A

stitute a witness before Europe and before the whole world to the dignity and sacredness of all human life, from conception until death." A narrow win, never mind a defeat, might signal exactly the opposite and the bishops, while saying that Catholics were entitled to vote "No"

left no doubt about their own posi-At the same time, the Protestant churches stated their "unequivocal opposition" to the amendment, on the grounds that complex moral issues should not be written into the Irish constitution. Such open in-volvement in politics and public dis-

neath the surface. Among the lay campaigners, antiamendment barrister Mr Adrian Hardiman, speaks of a "moral police" who want to go back to the rigid values of the 1950s. A leading conservative politician, Mr John Kelly, says he will vote "Yes" reluclised into a debate on the kind of so-

traffic or its telephone traffic.

plunge you into a six-way conversa-



Dr Garret FitzGerald

will certainly do nothing for the es-timated 5,000 Irish women who have abortions in Britain each year. The casualties already include

the reputations of Dr FitzGerald and Mr Haughey, inter-church ecudecisive Yes' to the amendment ciety Irish people want: Catholic the concept of a 'new Ireland pected to issue a statement.

Will, we believe, in the words of and conservative or pluralist and which could unite the two religious.

The biggest surprise has been the Pope John Paul II in Limerick, conliberal. Wednesday's result may be traditions.

### Portugal struggles with outmoded exchanges

Diana Smith gets caught in Lisbon's tangled telephone lines

"MADAM," said the friendly inter-

Such information, however amiably delivered, can undo bankers, cuit, so the friendly international diplomats, businessmen and journalists who, because of their profession, must make several foreign telephone calls a day from Portugal not to mention local calls - on a hideously overloaded network which treats you to a busy signal even before you have dialled the

If you have urgent information to impart to a head office or colleague in Bonn, London, Paris or Madrid it might be quicker and healthier to index finger or pencil end is worn catch the first plane. Otherwise you down and your eardrums echoing to may suffer not only delays but se-

-<u>-2</u>5- \*

At the moment dialling elsenational operator, "the trouble in where in Europe is a masochistic dialling abroad could last until the end of the week, the mouth, or the on the head with a maller. In the move to switch European lines from the old 07 circuit to the new 01 ciroperator told us, lines have been nangled and tangled or lost. It will

take weeks, months, or perhaps years to unravel the snarls. You pick up your receiver wondering if today is your lucky day when a call is completed on the first try, and dial 01. That brings a busy signal as soon as you dial 0, or, as a

special treat, the dialling tone. An hour later, when the air has turned blue from your curses, your beep-beep engaged-beep-beep, and you prepare to dash your telephone

beep beep. Flushed with success, you await the sound of a phone ringing some-where in Europe, the silence drags on, then you hear in the dim beep-beep-engaged-beep-

Not a London beep-beep, a Lisbon beep-beep. The sound is unmistakable. The gremlins have chosen you for a day of phone fun and there is nothing you can do, apart from taking medication, strong drink or a remedial walk. There are about 1.5m telephones

in Portugal serving - if that is the word - 9m people. Statistics tell us that Portugal is eight years behind Greece, and 12 behind Spain in tele-Lisbon has the highest telephone one such marathon for 10 hours, the

gent calls. When my telephone locked into

against the nearest wall, you sud- density at about 700,000. An argu- engineer, whom I had summoned in denly complete the number without ment could continue for days about the hope he could rescue me from mechanical madness, said: "Nothwhich is more cluttered, its road ing to be done. Wait until the ex-

Wrong numbers are reached with change clears itself." At the heart of the problem is a such frequency, despite careful dialling, that you can strike up new slowness to make the massive but essential telecommunications infriendships with the hapless person vestments Portugal needs to push who receatedly dials one number its ailing phone system into modern and gets another by courtesy of un-

There are improvements - mos Patience vanishes when whims of telephones are now automatic rathtired central Lisbon exchanges er than manual nationwide - but that does not help when you dial a tion, punctuated by appeals from Lisbon number and silence greets frantic subscribers to those exhas gone dead.

changing pleasantries and obsceni-ties at the core of the snarl to hang just that the exchange is too tired to up and let serious people make urgive the busy signal when the party another remedial walk.

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Appointment of Joint Provisional
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#### Italian town steals a wedding march on its fashion rivals

BY JAMES BUXTON, RECENTLY IN PUTIGNANO

ITALY is full of single-product towns where by feverishly imitat-ing each other, most of the small businessmen manufacture the same thing - whether it be shoes, jewellery or terrazzo tiles. But there can hardly be a more unusual single-product town than Putigna-

It is a sun-bleached place on a little hill south of Bari in the region of Puglia, right down in the heel of Italy. As you drive into it, you no-tice that many of the shops and most of the signs are concerned with only one thing - wedding dresses.

The little town, with a population of 25,000, claims to have a bigger share of Italian wedding dress production than anywhere else in the 24." peninsula – including Naples, Rome and Florence.

Figures are hard to come by, but the town probably produces nearly which up to half may be exported. To put that in proportion, there are about 270,000 church weddings in Italy a year, and the bride always wears an elaborate white dress. "Just look at these orders." says

Sig Pietro Sbiroli, an energetic little man with a black moustache who runs Val and Max, one of the main companies. "We've got orders from Tokyo, Dubai, Saudi Arabia - all for dresses we have designed. We get masses of orders from France, and our dresses sell at Dickens and Jones and Harrods in London."

It seems surprising that such a relatively remote town should become so prominent in a business more associated with the fashion bouses of Milan or Florence than the rival south. Yet it is typical of the way small towns contribute to Italy's expanding exports of clothing. Last year these were worth L8,440bn (\$5.25bn) - nearly 9 per cent of all exports - with much of the total produced in little work-

shops rather than big factories. "It all started here with two sisters in the early 1950's" says Sig Sbiroli. "They used to make wedding dresses for the village and local girls used to help them. My wife Orestina got involved and, soon after we were married, we decided to

go into business together. That was

ITALY A PUTICHANO

1959, when she was 18 and I was

The husband-and-wife team has swollen into a company employing about 200 people, nearly half of them working only on wedding dresses which sell from L600,000 to L1.5m. However, his is not the only wedding-dress business in Putignano. His sister started up her own concern at about the same time as he did, there is a third larger one

and many more smaller companies. There are other clothing companies in Putignano, but only the wedding-dress makers are presently flourishing. "People still get married, whether there is a recession or not," says Sig Shiroli. "Though they are often spending a little less on dresses now. That's why we like these good foreign orders." About half his production of 18,000 dresses a year is exported, and weddingdress sales are about L2bn.

Though the Putignano weddingdress companies have agents in London, Paris and elsewhere, their main business is done at the big twice-yearly fashion shows in Milan, Florence and Paris.

Does Putignano have the roman tic atmosphere that one might expect from its new vocation? On a recent, hot dusty morning there, you couldn't hear strains of Mendels sohn's Wedding March.

But the town does have the longest and one of the most elaborate carnivals in Italy, beginning on December 26 rather than just a week or two before Lent, and that may be the real origin of its fascination with the business of dressing-up.

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US \$ 30,000,000 Foreign Currency Financing SUBSTATIONS TURNKEY PROJECT Guaranteed by THE REPUBLIC OF TURKEY TEKFEN CONSTRUCTION AND INSTALLATION CO., INC., ISTANBUL Pichided by Zagrebaka Banka. Zagreb Liublianska Banka. Gospodarska Banka Liubliana Jugobank. Osnovna Banka, Sarajevo Ü TÜRKİYE PETROLLERİ A.O. US \$ 40,000,000 YUMURTALIK KIRIKKALE CRUDE OIL PIPELINE PROJECT THE REPUBLIC OF TURKEY To be corred out by TENFEN CONSTRUCTION AND INSTALLATION CO INC. ISTANBUL ARAB BANKING CORPORATION (ABC) BANCO ARABE ESPAÑOL, S.A. (ARESBANK) ARAB INTERNATIONAL BANK, CAIRO ARAB TURKISH BANK ARAB BANK FOR INVESTMENT AND LIBYAN ARAB FOREIGH BANK BANQUE INTERCONTINENTALE ARABE FOREIGN TRADE (ARBIFT), ABU DHABI

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US \$ 26,000,000 Partial Foreign Currency Financing
YUMURTALIN - KIRIKKALE PIPELINE PROJECT

Guaranteed by THE REPUBLIC OF TURKEY

TEKFEN CONSTRUCTION AND INSTALLATION CO., INC., ISTANBUL

Provided by UDRUZENA KOSOVSKA BANKA BANKACS - PRISTINA"

TÜRKİYE ELEKTRİK KURUMU

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 $\mathfrak{ptember}_{\mathfrak{I}_{|_{k}}}$ 

#### telephone contracts BY JOHN ELLIOTT IN NEW DELHI SENIOR EXECUTIVES of six are this week trying to pave the way for major telecommunica-tions orders from the Indian Government following the

Escorted by Mr Kenneth Baker. British Minister of State for Industry, the com-panies involved are: GEC, which lost the orders for two telephone exchange factories sought for System X to CITsought for System A to CriAlcatel of France; Plessey,
which has recently been hoping
to win an order for rural
exchanges worth up to £23m;
Marconi, BICC, SIC, and
British Telecom.

The British companies are holding a conference in New Delhi tomorrow to advertise expertise at providing digital transmission systems to link up the new exchanges. They are also interested in orders for small electronic PABX small electronic PABX suitancy and other orders exchanges, where they face that might flow from this French Japanese and American project. GEC is also tencompetition, and for push-button telephone receiver pro-

similar international rivalry. But the companies have arrived in India at a time when Government departments involved in electronics and telecommunications are becoming more determined to order from

domestic suppliers. Although the Government has been relaxing its controls on electronics developments, the line is hardening against imports for major capital pro-jects. Senior Government officials argue that software has now replaced hardware as the major component of telecommunications projects and that the equipment will take place this cannot be satisfactorily in the UK and Australia, with bought abroad because foreign full manufacture to be trans-

capable of providing software ford. expertise itself, at a time when

118.7

118.9

118.5

World Economic Indicators

INDUSTRIAL PRODUCTION

(1975 = 100)

118.7

116.8

121.1

108.0

Apr. '83 102.4

Officials argue that India was justified in giving CIT-Alcatel orders for two urgently-needed telephone exchange factories in the past year because the company's mixed analogue and failure of the UK's System X digital technology was proven, telephone system to win two unlike the more modern all-important contracts in the digital exchanges offered by country during the past 12 System X and Siemens.

But CIT-Alcatel is not revealing its software secrets and the departments of electronics and communications, after many internal squabbles, are now launching a programme to develop India's own advanced fully-digital system which would

be produced in a third factory within three years. This target is generally regarded as unrealistic as is a provisional development budget of \$60m. But the short time-scale has been set to try to galvanise India's notoriously slow bureaucracy into action fast enough to produce results before they become outdated. UK companies such as GEC are investigating conproject. GEC is also tendering to provide expertise and hardware for the telephone handsets (codenamed IXT for inexpensive telephones). Along with the small electronic PBXS, in which Plessey is interested, these telephones will be made in factories owned by individual provincial states' electronics and by the Government-owned Indian Telephones

Industries.

Our World Trade Staff
Communications adds: Marconi Communications Systems together with GEC Australia has won a contract worth A\$50m (£29.25m) to supply advanced digital data equipment Australia Telecom

The initial development of companies do not disclose the ferred to a new factory at the information on which their GEC industrial estate in software is based.

Sydney with facilities similar to the Marconi plant at Chelms-

Marconi is the major supits telephone system is set for plier of Kilostream equipment rapid expansion.

plier of Kilostream equipment to British Telecom.

103.7

318.8

103.0

#### Renault wins contract to build Egypt car plant

By Charles Richards in Cairo EGYPT has selected Renault of France to set up a car assembly

plant in the country.

Renault was chosen against impetition from Volkswagen of West Germany and Peugeot of France because it offered a higher local content in its bid and lower proposed end sale

Mazda, Datsun, VW and Peugeot were the original contenders for the contract to set up the assembly plant. The Egyptian Government only wanted one extra factory in addition to the existing public sector NASR car company which assembles Fiat cars, trucks and

The two Japanese manufac turers dropped out early and VW were never serious contenders since they did not take up an option they had some years ago. In the end the con-test was a straight fight between Peugeot and Renault.

The new plant is planned eventually to produce 35,000 Renault 5 and 9 passenger cars a year. NASR is present manu-factures some 22,000 Fiats and the Arab American Vehicles Corporation, a joint venture with American Motors, assembles Jeeps and a small number of Fiat Ritmos

Thirty per cent of the equity in the E£10m new company will be held by Renault, 20 per cent by private Egyptian and Qatari interests and the rest between Chase National Bank of Egypt and the Societe Generale

Over the past year Egypt has approved the establishment of two truck assembly plants by GM/Isuzu and Mercedes Benz.

#### Danish group wins American Airlines order

By Hiliary Barnes in Copenhagen

CHRISTIAN RODSING, the fast-

growing Danish computer com-pany, announced a NKr 250m

(£16.77m) order from American Airlines for a booking and reservation system. It is thought to be the biggest single order a Danish electronics company has ever won, and follows an order to Rodsing earlier this year for a similar system for Air Canada. The Rodsing system, for American Airlines, will be based on computers in 14 cities, linked initially to 65,000 terminals across the country and in Canada. It will be able to handle 1,100 reservations per second. The system can be expanded later to over 100,000 terminals. Rodsing raised DKr 107m (£7.38m) through a private share placement in London and The Netherlands earlier this year and plans to seek quotation of its shares in either London or New York as well as Copenhagen next year. Its turnhas increased from DKr 84m in 1978 to DKr 414m last year, when sales increased by 50 per cent.



318.9

113.0

Mar. '83

#### CENTROBANCA

Ordinary and extraordinary Meeting of shareholders '1983'

The ordinary and extraordinary Meeting of Centrobanca was held on May 20 1983 at its head office in Milan Corso Europa, 20, under the chairmanship of Cavaliere del Lavoro Rag. Lino Venini.

The ordinary Meeting approved the balance sheet for the financial year 1982, which closed with a profit of The 9,072,106,376 (inclusive of Lire 1,089,980,529 as a net profit of the Agricultural Financing Section), after allocating Lire 26,285,535,796 to the provision for credit risks, Lire 19,000,000,000 to the provision for ions and Lire 1,395,439,630 to the real estate property, movables, machinery and equipm amortization. The Company declared a dividend of 10% per annum, after allocating Lire 12,500,000,000

In conformity with Law No. 72 of 19-3-1983, Centrobanca carried out the permitted revaluation of its real estate property in the amount of Lire 14,939,017,734 using the indirect system, within the limits established in Art. 3 and anyway taking account of provisions in Art. 4.

In the course of 1982 Centrobanca received loan applications for Lire 1264.1 billion (+ 11,3% compared with 1981) and disbursed loans for Lire 905.8 billion (+ 23,4% compared with 1981). The funds managed as at 31 December 1982 totalled Lire 4,161.7 billion (+ 70,4% compared with 1981).

After conversion for the first tranche of Lire 25 billion of the convertible debenture stock of Lire 100 billion, After conversion for the first transhe of Line 20 billion of the convertible depending stock of Line 100 billion, the reveluation of currency and the ordinary reserve and risk fund provisions, the net assets as at 31 December 1982 amount to Line 235 6 billion (Line 157.0 billion at 31 December 1981). The Company's capital is entirely held by Co-operative banks quartered throughout the country. The extraordinary Meeting approved:

- the issue of a debenture stock up to Line 60 billion to be deposited within 30 June 1983 and a debenture stock up to Line 60 billion to be deposited within 31 December 1983, both for agricultural financing

The three-year term of office having expired, the Meeting appointed the new Soard of Directors and the new Board of Auditors, electing:

for the Board of Directors: rio Bellemo, Franco Camiglia, Giovanbattista Cartia, Antonio Ceola, Aldo Cova, Glanirancesco del Nero, Giovanbaltista Fiorentini, Angelo Guerra, Angelo Mazza, Marcello Melani, Piero Melazzini, Carlo Pavesi, Massimo Pinelli, Giorgio Pulini, Giancarlo Rossi, Michele Stacca, Lorenzo Suardi,

Lino Venini, Giuseppe Vigorelli; for the Board of Auditors President: Francesco Parrillo; Auditors: Pietro Agnoluzzi, Ottavio Fontanesi, Franco Gazzola, Umberto

Menesatti; Temporary Auditors: Josef Froschmayr, Onorato Ortelli. At the end of the Meeting the Board of Directors confirmed Cavaliere del Lavoro Lino Venini as President and appointed Aldo Cova and Lorenzo Suardi Vice Presidents. The General Manager Marcello Gentile

vas appointed Secretary to the Board of Directors.

,	SUMMART OF IN	IE (CDRSQLIDATED IS) I치 체	tion Lire)	ii Oil
	ASSETS Funds and securities Loans in being Other Items	1,530.8 2,452.4 469.9 4,453.1	LIABILITIES Certificates of deposit Bonds Correspondent creditors Funds: the State, Mediocredito Centrale, Regions, CASMEZ and BEI Other Items	2,791.0 933.4 110.6 90.6 286.2
	Loan applications accepted	680.1	Capital and reserves (*) Net profit for the year	4,211.8 223.2 18.1 4,453.1

(\*) 235.6 after allocation of profit

Tim Coone, recently in Managua, reports on efforts to set up a trade link network

### U.S. hostility forces Nicaragua to diversify

new deepwater port on the increasing fragility

But the Nicaraguans have not turned only to Eastern Europe for help since their trade was hit by U.S. hostility. Unlike Cuba, which reacted to a U.S. trade blockade in the 1960s by trading almost entirely with the Comecon countries, Nicaragua has tried to diversify, setting up links with Eastern and Western Europe, Latin America and the Middle

Nicaragua's Minister of Foreign Trade, and one of the most dynamic of Nicaragua's new reed of revolutionary ministhers said: "We cannot another of and channelling international to be dependent on either of and channelling international the superpowers, politically or aid and finance for the country, said that pressure from the U.S. The cut in Nicaragua's sugar export quota to the United through the private foreign

struction site in Nicaragua-the a dramatic example of the the Atlantic coast, the interoceanic country's trade with the U.S. such as the World Bank 2nd the railway, the Malacatoya sugar A halt to trade finance has Inter-American Development refinery, or the forest products also resulted in a drop in Bank (IDB), has dropped factory in Zelaya Norte—will imports from the U.S. from sharply, from \$213m in 1979 to

> The Nicaraguan Government has drastically cut imports to plug a vawning deficit on the current account of the balance of payments, trimming it to a more manageable \$250m. Most of the cuts have fallen on Nicaragua's Central American neighbours, who are equally

short of foreign exchange.

Despite the overall cut in imsources of finance available

institutions. Lending from institutions notice that the equipment around 30 per cent of total only \$22m this year, according moving the earth and lifting imports before the revolution to Sr Jarquin, Private bank lending enders is generally made four years ago to less than 16 ing has meanwhile amounted to per cent so far this year. only \$11m in new loans since 1979, and these were only 90

day credits. "Nicaragua's trade pattern is being increasingly determined by new sources of bilateral finance and trade credits, and our sources of technology are trade with the U.S. and with increasingly linked to these

France, Spain, Cuba and the Soviet Union have all registered sharp rises in their exports to ports trade with those countries. Nicaragua in the past two ye prepared to grant Nicaragua as a result of favourable trade credits has grown. Sr trade agreements. Mexico has Edmundo Jarquin, the director registered the sharpest rise of of Nicaragua's international re- all, initially as a result of oil construction fund (FIR), the sales but increasingly as a source of manufactured goods, because of its willingness to be

payment of which has now been resolved following a visit to

VISITORS TO any new con-States earlier in the year was banks and the multilateral Minister of Planning, Sr Henry Nicaragua, Sr Louis Macias, the Ruiz. He apparently offered to Mexican trade representative in pay half the debt in cash and Managua said: "We hope to the other half in goods such as export \$100m in manufactured timber, seafood products and goods to Nicaragua this year sugar.

Sr Ruiz said on his return to 1994." Oil exports will come to Managua that favourable repayment terms had been agreed to

and maybe 25 per cent more in

Meanwhile, with Nicaraguan

plier of manufactured goods to

exports to the U.S. likely to fall

		NICA	RAGUAN (Sm)		TS		-
	1977	1978	1979	1980	1981	1982	1983†
us.	220	186	91	244	263	148	48
EEC	96	67	35	70	115	109	28
Comecon	2	4	0	2	33	89	26
Mexico	15	11	6	19	120	154	81
Spain Central	38	19	70	8	11	22	7
America	164	138	713	300	210	117	•

Mexico City by Nicaragua's and that Mexico will continue to supply Nicaragua's 15,000

Source: Nicaraguan Ministry of Foreign Trade

flexible over payments.

Nicaragua has run up a the U.S. as Nicaragua's main s300m trade debt to Mexico, trading partner and in the coming

barrels a day oil import require- exports this year as a result of the sugar quota cut, 10 per cent of its exports this year have trading partner and in the in the Middle East and North year will probably Africa. These new outlets are become the largest single supalmost certain to develop

#### SHIPPING REPORT

#### Outlook bleak for 1983 despite large carrier revival

A MODEST revival in demand 250,000 tonnes of cargo. Towards build-up of excess capacity in smaller vessels as last week

The revival helped create market, ranging between vessels some stability in the market, of 50,000 tonnes and 130,000 the hope that September

in the tanker market for very the end of the week, Koreans large crude carriers in the middle East was tempered by a movement of 240,000 tonnes of crude oil, from Kharg Island to South Korea.

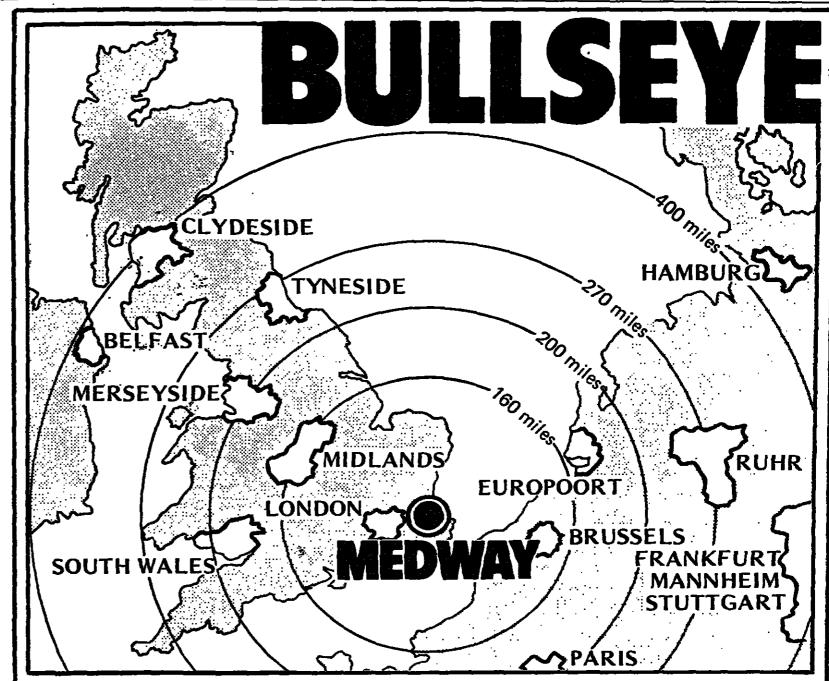
> At the smaller end of the tonnes, demand was slack, in

charterers at rates much above Worldscale 100 for shorter voyages. Similarly, the recently popu-

tonnes for carriage of crude oil between Saudi Arabia and Iran to the UK and Continent via the Suez Canal, has shown with the hope that September tonnes, demand was stack in weak demand, with Petrofina would see reasonable profits for contrast to market conditions of chartering a 130,000 tonnes arranged a Texaco re-let tanker. ticular, vessels up to 80,000 of 115,000 tonnes of crude oil, at Worldscale 25, based on tonnes are unlikely to find at Worldscale 50.

Demand for vessels in the sales of large combination car-Mediterranean, especially in riers and bulk carriers. The medium-size range, was con-Similarly, the recently popular size of vessel between included an 80,000 tonne vessel in its latest report on the world shipping industry, said the outlook obtaining Worldscale 80 for a shipping industry, said the outlook of crude cross-Mediterranean voyage. obtaining Workscale of the constraint with the few current inquiries. Demand drop in surplus tonnage. Its for tonnage loading in the caribbean and U.S. east coast of the blackest years ever for remained steady.

The sale and purchase market was dominated by the reported pected again this year.



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Adrian Whittaker Gravesham Borough Council Civic Centre Windmill Street Gravesend, Kent DA12 1AU Telephone: (Q474) 64422

Gilbert Johnson Swale Borough Council Council Offices Central Avenue Sittingbourne, Kent ME10 4NT Telephone: (0795) 24381

### European Internal Audit Manager c. £14,500 plus car

corporation and leader in fluid power technology employs over 20.000 people and has a turnover of \$1.2 billion. Growth has been largely through acquisition and in a complex international organisation such as this, the auditing function has a vital role to play in corporate financial control.

This key appointment, based in Watford. England but involving considerable overseas travel, carries responsibility, under the Director of Internal Audit, for planning and carrying out regular financial and operational audits throughout company subsidiaries in Europe, together with vanous ad hoc assignments as required. This will call for close liaison with Operating Vice Presidents. Group Accountants and External Auditors in order to ensure an appropriate programme of audit

Other responsibilities will involve provision of financial support in European subsidiaries as required and advice on all financial and cost accountancy policies as they apply to European

such as to call for a Chartered Accountant, man or woman, with extensive internal audit experience within a large company or at management level in one of the major public accounting firms. International experience is essential and a knowledge of French or German would be an advantage. Preferred age is 27-35.

The appointment offers a salary of around

£14.500 pa. possibly more for an outstanding candidate, plus 2.3 litre company car. BUPA and career development are excellent in an international finance environment. Write with full details of experience to Nigel Travis at Parker Hannifin Europe, PO Box 192.

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The Fluidpower Company

### **BAe Dynamics to spend** £1.27bn on Rapier

The first public indication of the

new improvement programme was a two-line entry in last July's De-

comprehensive improvement and

force Rapier (Field Standard C)"

It is understood that the Defence

amounted to El 27bn.

BRITISH Aerospace Dynamics, istry on the total defence equip- Ministry has so far signed contracts

lapier air defence system.

A programme supported by the Defence Ministry, to improve the Defence Ministry, to improve the last decade amount to improvements planted in the last decade amount to improvements planted towed version of the Rapier has aline the last decade amount to improvements planted towed system include a new surgical and an estimated cost of £1.27bn over country to buy Rapier last month, veillance radar. While BAe Dynamics is the prime contractor for Rapier last month, and the state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to towed system include a new surgical state of the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount to improvements planted to the last decade amount

The Ministry expects the develop-ment and production of Rapier to cost about £6bn at present prices - major defence equipment, such as and Defence Systems and Ferranti.

a sum which considerably exceeds the Tornado fighter, the Rapier protection of the original £5bn estimate for British and little publicity. ain's controversial Trident nuclear

This amount will be spent over a long period, however, as Rapier de-fence White Paper. This noted that ment dates from the 1960s and the "estimated programme cost of the improvement programme is designed to take the system into the 1990s. But the total expenditure involved represents about the same amount spent by the Defence Min-

backed by the British Government, ment procurement budget last year. with BAe for about £100m of this is embarking on a major programme of improvements to its BAe hope for substantial overseas marked for development of the sales of the Rapier system which is towed system, with around £1bn said to be Britain's largest single due to be spent on future orders arms export. Sales to 10 countries over the next decade.

ier, other major defence companies involved include Marconi Space Compared with Trident or other

> radar detection. Its original towed version, in service with UK air force and army, has provided most of the export sales to date.

> BAe has so far failed to persuade the U.S. to buy Rapier for its Rapid Deployment Force, while a 20-year effort to sell Rapier to Norway failed when the U.S. clinched a dealthere earlier this summer.

### Unions must adapt to changing world, says TUC leader

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR LEN MURRAY, the general secretary of the Trades Union Con-gress (TUC), yesterday clearly signalled the critical importance of this week's annual TUC meeting in Blackpool to the future effective-ness of Britain's badly bruised

He told them: "We have to adapt and adjust to keep demonstrating our relevance to working people."

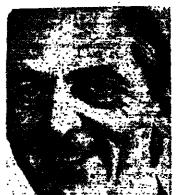
He denied that the election of a Conservative Government called for an "obituary notice" on British trade unions, saying that the unions could emerge from the forthcoming period of government stronger than ever. But only if "we face up square-ly to the challenge it poses, recog-nise honestly the factors in the public mood that brought it about and respond to our members accordingly dealing with the world as it is rather than as we would wish it to

Mr Murray was speaking on the eve of an assembly which will see decisions taken on such central issues as the unions' relations with the Government, with the Labour Party and on the TUC's future campaigning role.

"Since we set up shop 115 years ago our industrial structures have changed out of all recognition, not once but time and time again. Before the First World War we had over 700,000 members - almost a third of our total membership - in the cotton, textiles and weaving

"Now we have hundreds of thousands of bank employees, office workers and technicians. Computer programmers need their unions as much today as the spinning jenny operatives ever did."

Mr Murray's advocacy of change was immediately challenged by a decision of the Transport and General Workers' Union (TGWU) to night said in response to reporters' maintain its opposition to talks with queries: "I have nothing to say. I am maintain its opposition to talks with the Government on reforming labour laws Mr Murray has spoken out strongly in favour of such talks.



Murray: 'need to show

However, Mr Moss Evans, geoeral secretary of the TGWU, said after the unions' meeting of delegates that "realistically" he did not think the expected Congress decision to talk to Mr Norman Tebbit, employment secretary, would be al-tered by the TGWU position.

Though the union's block vete stands at 1.5m Mr Evans said unions lining up in favour of re-opening talks - they include the engineers, the general and municipal workers and the local government officers - would probably be sufficient to carry the day.

• Three Soviet visitors, including Mr Viktor Popov, ambassador in London are expected at Congress. Mr Popov is booked in the the town's major hotel for Wednesday. The other two Soviet guests are

Mr Boris Averyanov from the Communist World Federation of Trade Unions in Prague and Mr Vladimir Mozhayev from the Soviet TUC. Mr Averyanov who arrived last

going to stay. I dislike publicity.

Editorial comment, Page 14

#### **INSURANCE**

### Bermuda prepares for risk exchange

BY JOHN MOORE, CITY CORRESPONDENT

of a new risk exchange. In January next year a Risk Exchange Association will be established which, if all goes well, will provide a formal arrangement under which captive insurance companies - the insurance groups created

by non-insurance concerns - can trade business with each other. vide good underwriting advice and a reciprocal basis.

The varying fortunes in under-writing in Bermuda's \$5bn insur-within its own community. In the ance community has undoubtedly early years of the operation of the given impetus to the latest scheme. exchange, it is expected that the Since Bermuda's insurance activity participants will retrieve from the began expanding rapidly in the 1970s the island has become something of a dumping ground for the offer this to the exchange on a tradworld's riskier lines of business.

Captive insurance groups were originally formed to insure the risks of their parent companies. Through a captive company industrial concerns had direct access to the reinsurance market, an important determinant of rates in the world's insurance community, and

considerable bargaining power. When the Internal Revenue Services in the U.S. ruled in 1977 that premiums paid across to a captive insurance company by the parent company would be related, for tax deductibility purposes, to the amount of business the parent com-pany passed to the captive, captive owners looked for ways to expand the base of their business.

The captive owners began to reduce the reliance of their insurance company subsidiaries on parent company business by gradually taking on non-related third-party in-surance business from outside.

Some of the larger captive groups are sceptical about the exchange's future role, pointing out that it would represent a tiny amount of canacity in world insurance markets. But at least in its early days the new exchange could reduce costs to the captive movement by eliminating broking commission on the business that is put into the exchange while, at the same time, pro-viding a bedrock of profit to the cap-

The move into third party busihunger for premium, gave Bermuda event of a reputation as a "soft market." faulting.

BERMUDA's hard-pressed insur- High risk business, inadequately protect itself through the creation creating huge losses for some of the captive groups.

> This year, a number of groups are rationalising their operations with some groups terminating their insurance of non-related third party

The new risk exchange intends to change some of the fortunes of the In conception, the new market captive groups. Over the years does not resemble the insurance exchanges in North America, which profit, rather than premium recihave taken as their model Lloyd's procity, from other brokers and inof London. Rather, the risk ex- surers, but with little success. While change in Bermuda is intended to the captive movement may be placprovide a facility to enable business ing profitable reinsurance business to be swapped between one captive with other reinsurers outside its group and another on a reciprocal market, little profitable business basis at low cost, it intends to pro- has flowed back into the market on

an efficient method of administrat- The creation of the exchange is ing the various business transac- designed to retain some of the profitable reinsurance business which is participants will retrieve from the reinsurance marketplace a part of their reinsurance programme and ing reciprocity basis.

> This element of the ex operations could generate about \$30m in premium volumes for the participants.

The exchange has already entered into a management agree-ment with Altamid Management Company, a subsidiary of Hama Mining Company, and with Hudson Underwriting, a subsidiary of Skandia America. Hudson has appointed a full time member of its staff to act as underwriter to the exchange members and he will be based at offices in Bermuda.

About 17 insurance captives, all subsidiaries of big U.S., Canadian and European companies, will par-ticipate in the exchange initially. Projections for the first year of its operations suggest that a premium volume of \$50m might be generated. There would be underwriting capacity of \$6m for property risks, ca-sualty \$4m and marine husiness \$3.5m, but the actual volume will depend on the number of partici-

Membership of the new exchange is to be limited to captive groups on-ly, and each member must show capital and surplus equivalent to \$1m and win the approval of 75 per cent of existing members before being admitted to the club. The management of the exchange is to be financed by a 1 per cent levy on premium volume, and there will be a 75 per cent contribution to a se-curity fund which will be available ness was not a notable success. A curity fund which will be available dearth of underwriting talent, and a to all exchange members in the event of one of the participants de-

### "Punctuality is the virtue of Kings."





#### **UK NEWS**

### Treasury fights to cut spending by £2.5bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

MR PETER REES, chief secretary to the Treasury, will this week open the second phase of a battle with spending ministries which is prov-ing much tougher than the Treasury's similar operation a year ago.

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carry the day.

His task is to cut \$2.5bn from the total that departments and local authorities say they need to spend in 1984-85. This is the gap which still remains after a round of talks between officials this summer when the Treasury sought to bring the to-tal nearer to the target of £126.4bn announced by the Government last

The total, enshrined in the last public spending White Paper, was questioned by some ministers after the general election in June when it eemed there might be difficulties

in meeting the target.
However, Mrs Margaret Thatcher, the Prime Minister, silenced her Cabinet colleagues by telling them that the figure represented an elec-tion commitment. Mr Nigel Law-son, the Chancellor of the Exchequer, reinforced this by saying that failure to control public spending might lead to tax increases in the longer term rather than the cuts ple, and defence and other commitwhich the Conservative administra-

tion desires. The Cabinet agreed to the figure of £126.4bn, but it has proved more difficult to persuade departments to hold their estimates to a figure consistent with this target.

By early summer departmental bids for next year had reached though some of this excess was re-

SHIPOWNERS are to offer trade

unions a new "consensus" in the wake of the Conservative election

victory, but one that makes clear

that they must accept improved

working practices on ships, and changes to long established nation-

The General Council of British

controls for nationalisation. The press

lished this month, emphasises that with pragmatism if there are to be

for at least four to five years there joint representations which stand

will be no subsidy, protectionism or any chance of success with the

Shipping annual review, to be pub-

BY BRIAN GROOM



Thatcher: an election commitment

Officials have now reduced the gap to £2.5bn and it will be up to Mr Rees in the next eight weeks or so to shave this figure down in a series of bilateral meetings with depart-

He will also have to grapple with the thornier problems of public when slow growth, the increase in the number of older and sick peoments are likely to put severe strain on the Government's objective of containing the public sector

as a proportion of national income. next year it is privately con-

tional Union of Seamen and the

Merchant Navy Officers' Associa-

tion, a forum to discuss general pol-

icy which could agree on broad lines of support that the industry should seek from government.

But it warns: The unions will

need to temper their philosophy

nt administration; the alterna-

in real terms. Moreover, any appreciable cut in the standard of health care would be resisted by Mr Nor man Fowler, the Health Secretary, and would in any case be politically

Almost half the £2.5bn excess for next year is accounted for by the lo-cal authority bid, but their spending has proved extremely difficult to control in the past. The remaining excess bids are spread fairly wide ly, with the defence budget - notor-iously liable to creep upwards some £300m over the top.

Last year the Treasury's Chief Secretary, then Mr Leon Brittan solved the difficulty partly by cutting the contingency reserve for 1983-84 to only Cl.5on. However, this has already proved embarras-singly small, and was one reason that Mr Lawson felt compelled to announce an unexpected £600m package of spending cuts for the present year.

For 1984-85, the Treasury is determined to keep the contingency reserve at its planned £3bn. This would provide not only for unforeseen events - such as the Falklands war - but would help to cushion the planning total against pressure from any unforeseen revival of in-

Mr Reesis, therefore, faced with ceded that it may be difficult to rec-oncile the target with the Govern-last year and the more hawkish ministers are watching anxiously to These include: maintenance of the see how he measures up to one of about 13bm above the target figure, real value of pensions, an 8.7 per the toughest jobs in government. I cent rise in the value of unemploy- is being said that he will do well to ment benefit from November, and a match the toughness and appetite 3 per cent rise in defence spending for detail shown by his predecessor.

Shipowners set out union terms cies that the unions wanted it said. sistent with the government's ap-The council has offered the Na-proach will be at best futile, and at

worst counter productive." The council wants to revise range of national deals designed when there was a chronic shortage of skilled seafarers. Now there is a surplus because of the decline in the fleet, and unemployment

That mainly concerns redundancy payments, responsibility for which the council wants to pass to individual companies in order to

### U.S. rates 'close to those of golden age'

By Our Economics

THE VIEW that U.S. interest rates have reached historically high levels in real terms is strongly challenged today by a leading City economist.

Mr Gavyn Davis, chief econo-mist for brokers Simou and Coates, says that after taking ac-count of tax changes and the expected course of inflation, rates are now near the average for the golden age of the 1950s and

He says in the brokers' mouthly, Economic Analysts, that past trends do not suggest that U.S. interest rates should fall sub-

His analysis, prepared with the help of tax data from the U.S. Federal Reserve Board, is a direct challenge to the consensus view of finance ministers and central bankers in the developed world, particularly Europe.

They believe an excessive U.S. budget deficit has pushed U.S. interest rates – and bence world rates - to historically high levels. which are a brake on world economic recovery.

Mr Davis has calculated a real" value for interest rates since 1950 by subtracting the ex-pected rate of inflation revealed from survey data from three of the main U.S. interest rates.

He has also calculated the "real" benefit of interest payments to taxpayers with zero, average and high marginal tax

He concludes that lenders paying a zero marginal tax rate have enjoyed positive real rates of return for most of the post-war period, except for a few years in the later 1970s when after-tax rates became negative in real terms.

He also concludes that the present real after-tax returns of around 3 ner cent is near the average for the whole period studied. A similar pattern emerges for those on higher marginal tax rates although they have suffered negative real returns for a



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country did not vote for a governtive of constantly pressing for the individual companies
ment with the sort of shipping poliadoption of policies totally inconcurb its central costs. There are two very good reasons why we stand out. One we're British. Two we're outstanding. rehensive range of advanced computer

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facilities available on any single system in the world. The Rediffusion "Office Revolution." We've already put the sales force at ICI's Agricultural Division in the picture with a home videotex system.

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### Clerks 'inflated' figures for Argentine imports

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

CLERKS at the Department of Customs and Excise are said to have been inflating the figures for British imports from Argentina, while Customs officers are busy impound-ing Argentine goods at UK ports. The department is blaming "key-

ing errors by computer operators" for £95,000 of the £241,000 worth of Argentine goods recorded as having entered Britain in the first half of

Since Argentina invaded the Falklands in April last year, imports have been banned, except for personal effects, newspapers, news film and periodicals. The Government is likely to continue the ban until Argentina formally declares

The department says another the department says and the instruction of the first-half figure was due to the late entry of documents referring to goods that came in before the embargo. Goods worth an expaper on Friday that import life in Argentina." Books for sale, fore the embargo. Goods worth an

Britain by post. The balance remains unaccounted for. Some of it, such as a consign-ment of animal hides seized at

Northampton two months ago, may have been illegally imported.

According to Customs figures supplied to the Trade Department Britain took delivery of £89,000 worth of office and data processing

between January and June. Meanwhile, Customs officials are being assailed by a mounting chorus of complaint from scholars and librarians that the import ban is be-

ing too strenuously operated.

The librarian of the Institute of

estimated £20,000 had been sent to umes of commercial statistics from Argentina, which had been seized at Dover.

> The British Library, the Scott Po lar Research Institute, and the Universities of London, Essex and St Andrew's have had similar experi-

The Trade and Industry Depart ment is trying to reassure frustrat-ed academics by saying that the procedure under which seized goods are "condemned" does not equipment, £116,000 worth of machinery and transport equipment and £30,000 worth of textile yarns necessarily mean they will be de-stroyed. They might, for instance, be auctioned - but the successful bidder would not be able to import the books until the ban was lifted.

A department spokesman said

### **Top-level Chinese delegation** studies N.Sea technology

term-sales of UK offshore technology and supply services will be made over the next few days during the visit to Britain by Mr Tange Ke, China's Minister of Petroleum. Mr Ke will have talks today with

Mr Peter Walker, Secretary of State for Energy, and call on Mr Paul Channon, Minister of Trade. Mr Walker said at the weekend: We will show them the full range of our offshore oil industry and sup-

ply services. Our experience in de-

veloping the oil and gas resources of the UK Continental Shelf will be

Tomorrow, the high-level Chinese delegation, which arrived in London yesterday, is due to attend the opening day of the Offshore Europe 83 exhibition – the largest in the world after Houston's Offshore Technology Conference.

field and British Petroleum's For- serves

successful financial systems.

INTENSIVE efforts to boost long- invaluable to the Chinese as they ties field, the most prolific so far in the North Sea.

Mr Ke will see Sir Peter Baxen dell, chairman of Shell, and Mr Pe-ter Walters, chairman of BP, on September 12. Shell and BP head two of the three international groups which have concluded oil exploration contracts with China this

In Aberdeen Mr Ke is to meet Mr
John D'Ancona, director-general of
the Department of Energy's Offshore Supplies Office. Visits are also scheduled to Shell's Fulmar oilfield and Prictic Betreleng's Feet

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#### Importers benefit from growing UK white goods market

nces in the UK are expected to top ly-E2bn (\$2.98bn) this year, but the health of the UK white goods industry remains under pressure as im-porters consolidate their hold on a arge share of the market.

According to a new report on the UK market, importers now hold 36 the total market, per cent of the sales of domestic "Although an 28 per cent in 1978.

£1.87bn, a 10 per cent increase over cent ahead of inflation, but conceals
real growth because prices of electrical goods increased by only 1.4
per cent in the year. The growth
The largest markets in value umer credit regulations.

ing, Britain's exports in this sector have been shrinking, from 21.3 per cent of total sales in 1978 to 14.5 per

Britain's major competitors in white goods are other EEC coun-ential tries. Italian groups now hold 13 per this sector, West Germany 6 per cent with Japan and Hong Kong holding only

The White Goods Industry, 1983.

The White Goods Industry, 1983.

The White Goods Industry, 1983.

The White Goods Industry, 1983.

RETAIL SALES of electrical appli- 2 per cent and 1 per cent respective

The UK consumer's love of gadgetry has been a chief factor in the buoyant growth of the domestic market. Small electrical goods, such as microwave ovens and air purifiers, now account for 47 per cent of

"Although an objective analysis might reveal that the Western world can already buy a gadget for Consumer spending on all types every purpose under the sun, f electrical appliances totalled states Euromonitor, "the job of states Euromonitor, "the job of those involved is to persuade them the previous year, according to Eu- that this is not so. The electrical inromonitor, the London-based mar- dustry cannot afford to stand by ket research group. This was 2 per and simply wait for an appliance to

was spurred by a relaxation in con- terms are still washing machines. refrigerators and freezers and electric cookers, which accounted for £880m in sales last year. For the future, Euromonitor tips

built-in cookers and hobs, dishwashers and multi-purpose cocokers as areas with good growth pot-

#### Liquidity improves

A SUBSTANTIAL improvement in this year from a peak of 62.1bn

company liquidity from the histori- the third quarter of last year. cally low levels reached last year is After seasonal adjustment,

suggested in a survey published by companies were almost exactly in the Department of Trade and In- balance in the second quarter of this year. This brought the ratio of It shows that the net current lia- their assets to liabilities to 100, combilities of 201 companies surveyed pared with a low of 71 in the third fell to £73m in the second quarter of quarter of last year

### Recession fails to halt fast growth of accountancy firms

BY ALISON HOGAN

through the recession unscathed, with average growth rates during the last financial year of 15 per cent. Medium sized firms have grown at a slower rate, the average for the bottom 10 in the Financial Times Top Twenty is just below 11. per cent with some managing a modest 7 per cent growth in fee in-

The size and number of audits have shrunk during the recession and competition for audit work has increased as companies try to keep costs down by tendering for the most economical audit fee.

Firms have responded, some more successfully than others, by developing new services and expanding existing resources in man-agement consultancy, insolvency, taxation and other sectors.

Accountancy firms do not reveal profit figures. However, the ratio of fee income to professional staff provides a useful guide to their productivity. The accompanying table reveals that, using this measure, their ranking varies dramatically from the ranking by fee income.

markedly different patterns of de-

Two firms which have shown the most dramatic results are Price Waterhouse and Arthur Andersen. Price Waterhouse has gradually moved up the league, taking third place this year from Coopers & Lybrand and almost toppling Deloitte, Haskins and Sells from the number two position. Price Waterbouse pro-duced the highest growth in fee income of any firm, exceeding 20 per dustries, and from the privatisation cent. Peat Marwick Mitchell, with a of audit in local government. growth in fee income of just under per cent is finding its leeding po-

sition increasingly under threat. Mr Jeffrey Bowman, senior part-ner of Price Waterhouse, says that much of the firm's growth has come from its specialist services, rather than the traditional audit.

"Investigations work has been buoyant, and all aspects of management consultancy are doing well. In times of recession companies tend to cut back on consultancy exercises, but we have found that many have decided to brave it out," he

THE TOP 10 accounting firms in ures are not strictly comparable. working in specialist activities such the UK appear to have come But, year on year, they reveal as taxation, computer auditing and insolvency. Coopers & Lybrand whose fee income grew by just under 18 per cent, says it has seen exceptional growth in its special services, and has increased staff in management and consultancy ser-

wices by 25 per cent this year.

Most of the top firms report
growth in public sector work they
have benefited from the Government's value-for-money drive in Whitehall and the nationalised in-

Arthur Andersen, comfortably in-side the world's Big Eight accountancy firms, hovers just outside the UK Big Eight - a position it soon hopes to correct. It reveals the most impressive overall performance achieving a growth in fee income of nearly 19 per cent, but also ranking number one by the ratio of partners to fee income and by total professional staff to fee incom

In the middle of the table there is a distinct grouping of Thomson McLintock, Binder Hamlyn, Spicer and Pegler and Pannell Kerr Forster with fee incomes above £20m. Financial year-ends vary be— The firm now has more than 25 likely candidates for any future tween accountancy firms so the fig
per cent of its professional staff mergers.

#### TOP 20 ACCOUNTANTS BY FRE INCOME

Ranking	Part-	Profes- sional staff	Staff/ partner ratio	Total profes- sional staff	Fees* (Em)	Pee/ partner ratio (£000)	fee	Fee/Total profes- sional staff ratio (2000)	total prof
1 Peat Marwick Mitchell	194	2,808	14.47	3,002	64.3	331.4	2	21.42	12
2 Deloitte Haskins and Selis	255	2,440	9.57	2,695	60.5	237.3	8	22.45	5
3 Price Waterhouse	185	2,086	11.27	2,271	60.2	325.A	3	26.51	2
4 Coopers and Lybrand	205	2,220	10.83	2,425	60	292.7	4	24,74	3
5 Ernst and Whinney	188	2,233	11.88	2,421	52	276.6	6	21.48	11
6 Touche Ross	166	1,976	11.90	2,142	48**	289.1	5	22.41	6
7 Arthur Young McClelland				•					
Moores	173	1,983	11. <b>4</b> 6	2,156	46	265.9	7	21.33	13
8 Thornton Baker	220	1,947	8.85	2,167	40	181.8	15	18.46	18
9 Arthur Anderson	98	1,183	12.07	1,281	35	357.1	1	27.32	1
10 Thomas McLintock	140	1,280	9.14	1,420	31.6	225.7	9	22.25	8
11 Binder Hamiya	126	1,047	8.31	1,173	26.5	210.3	10	22.59	4
12 Spicer and Pegier	125	1,050	8.40	1,175	25.25	202.0	13	21.49	10
13 Pannell Kerr Forster	156	1,127	7, <u>22</u>	1,283	22.6	144.9	19	17.61	20
14 Dearden Farrow	99	504	5,0 <del>9</del>	603	13.5	136.4	20	22.39	7
15 Neville Russell	68	464	6.82	532	11.5	169.1	16	21,62	.9
16 Stoy Hayward	56	493	8.80	549	11.4	203.6	12	20.76	14
17 Kidsons	70	501	<u>7.15</u>	571	10.75	153.6	18	18,83	17
18 Robson Rhodes	65	492	7.57	557	10.5	161.5	17	18.85	16
19 Hodgson Harris	42	377	8.96	419	7.7	183.2	14	18.38	19
20 Armitage and Norton	35	335	9.57	370	7.3	208.6	11	19.73	15

Net of recoverable expenses, \*\*FT estimate. Research by Jan Schling, FT Editonal Research Desk

### How concealed gains distort the trade balance picture

Britain earned some £1.5bn more in invisible exports last year than was believed a month ago highlights a the actual and forecast trend of the major international problem in as-

Last year the current account balances for all the countries in the world added up to a deficit of \$100bn, of which about a third was accounted for by the developed

These figures, published by the Organisation for Economic Cooperation and Development (OECD) in July, suggest that the current account position of many countries, must be very much better than official figures show. For it is plainly impossible for the whole

world to be in deficit with itself. The Central Statistical Office's statement on the UK balance of payments, published last week provides a useful clue to the nature of this huge global discrepancy. It showed that the UK surplus on invisible trade for 1982 was now thought to be £1.456bn larger than was believed in June, when the last estimate was published.

Moreover, the estimate for invisible earnings in 1981 was also increased by £404m since the last offi-

Invisible earnings, which include insurance earnings, interest profit and dividends and transfer pay-ments, are notoriously difficult to forecast, and one theory about the discrepancy in the world account is that invisible earnings are badly under-recorded in some countries. Even in Britain, where great care

of data over months and years can make an important difference to the figures. The 1964 balance of payments crisis, for example, appears in retrospect to have been something of a false alarm, as later revision has

about the more recent reactions of the foreign exchange markets to ber the very sharp slide in sterling was attributed, partly at least, to the Treasury's forecast that the current balance would dwindle to zero

That prediction was subsequently revised upwards to a forecast sur-plus of £1.5bn, a change which is relatively small in relation to the margins of error for forecasting this

Last week's revision underlines a further uncertainty about the fig-ures when they do appear, which should make the markets even The £1.5bn "extra" invisible earn-

ings for 1982 may be small compared with forecasting errors, but it amounts to 36 per cent of the estimate for the total current account surplus for the year, which the Deriment of Trade was publishing

as recently as August 24.

Moreover the revision is equal to three quarters of the total visible trade surplus for that year, and in nominal terms is equal to the entire visible trade deficit for 1978.

Even the revisions do not clear way all of the fog from these statistic, since an unexplained discrepancy of £3.86bn remains between the capital and current accounts for

In theory the balances on the cap-ital and current accounts must be exactly equal and opposite, just as every sale of sterling must be matched by a purchase,

However, capital transactions are difficult to monitor accurately, so that the total capital outflow needed to match the £5.43bn (revised) surplus on the current account has not been picked up by the statistics. The conventional wisdom is that the discrepancy is mainly due to a failure to record all these capital flows, and that the current account figure is to be believed.

Max Wilkinson reveals a clue to the nature of a huge global discrepancy

However, a discrepancy which is equal to 70 per cent of the current account balance does, to say the least, raise some questions about both sides of the account.

Although these balance figures are often the main focus for market interest, perhaps the more signifi-cant aspect of last week's figures was the light they cast on particular aspects of Britain's trading performance and financial flows. They showed that the financial services provided for overseas customers, mainly by the City of London, changed very little between 1981 and 1982.

But interest profits and dividends remitted from overseas rose as a conequence of the increased portfolio investment overseas.

This rise in overseas investment has been the counterpart of the strengthening of the current ac-count resulting from the access of new oil wealth.

The figures show little overall change in the volume of exports (including oil) since 1979, but the real earnings from services fell by 19 per cent between 1978 and 1982, back to the same level as in 1976. Real earnings from travel were down 30 per cent from their peak in 1977, while UK payments to overseas countries from travel rose by 130 per cent in real terms during

The figures also show that Britain increased its net assets overseas by £11.3bn in 1982 to a total net of liabilities of £42bn by the end of

### Sweetener market faces bitter fight

LIFE IN Britain is set to become a shade sweeter this week with the marketing of new artificial sweeteners, the first for nearly 30 years. These introductions, however, are likely to set off a commercial struggle which already promises to

Tomorrow, three new kinds of

highly concentrated sugar replace-ments and three new kinds of bulk artifical sweeteners will be allowed to compete with saccharin, the only sugar replacement at present on sale in the UK after the ban of cyc-

an enormous success. From initial Searle's product and sugar, (alsales of \$12m in 1981, it achieved though more expensive than saccharin) and it has a long shell life. this year.

Aspartame, called Equal in the U.S. and Canderal in Europe, was developed by G. D. Searle, one of America's major pharmaceutical and consumer products groups. UK. Searle's major competitor will be Hoechst, the West German chemi-cal and pharmaceutical group. which tomorrow launches its new

brand name Sunnet. In the U.S., one of the new sweet-eners, aspartame, has already had tame. It is cheaper then both

sweetener, acefulfame K, under the

Most important for Hoechst, however, the company is not spending vast sums to market it to the consumer. Instead, it is aiming to sell it to food and drink companies in the

Another competitor, which has yet to crank up to full-scale combat speed, is Tate & Lyle with thaumat-in. This product, derived from the West African katemfe fruit, is claimed to be 2,000 to 3,000 times Hoechst's product has a number sweeter than sugar, and some 10times sweeter than aspartame and

is taken to try to make the statistics occurate, the gradual accumulation showed only a small deficit on the Ford sells more

cars in a month

than 100,000

ing record was set in August last about £15,000.

ear, also by Ford. The car has been developed by By Tuesday total sales of all cars Aston Martin Tickford, the engi-

At 350,000, this August's sales will be 62 per cent higher than in Au-

ord will also be broken. ume manufacturer's own dealer Although the fourth quarter is network.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

In July, however, it launched the Rll hatchback range which it says is at the heart of its 1984 sales drive. It 1982. The number of trucks reg-

hopes to sell 23,000 Rils next year. istered was 394 last month, com-

Variants being dropped from the pared with the previous peak of 389 UK range are: 51S, 5 Auto five-door, in August 1979.

Britain tells Japan

A CONTROVERSIAL list of British that would cost the Japanese Gov-

from Europe has raised eyebrows • Decontrol of interest rates on

by instead, provide incentives for denominated bankers acceptance foreign investors to buy Japanese market to encourage yen financing

put forward suggestions. The latest list goes much further than its predecessor in advocating moves

W. A. "Serious look" at what Europe has to offer in commercial passentist goes much further than its predecessor in advocating moves and BAe 146).

Euro MPs want law to

protect Scotch industry

how to buy more

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

from Europe

proposals outlining ways in which ernment money.

companies and give tax incentives of imports;

Japan could increase its imports

Included in the list is a sugges-tion that Japan should actively dis-

courage local production of Euro-

pean goods and import them direct-

The list has been sent to senior officials and politicians, including Mr Jun Shiozaki, director general

of the Economic Planning Agency. British diplomats admitted that some items had raised eyebrows

but said that the overall reaction

Japan is said to be far more ready

to listen to unorthodox proposals for increasing imports than it was

three years ago when Britain last

was "by no means negative."

Renault reduces

range of imports

neering and coachwork operation set up at Milton Keynes, Bucking-

hamshire, three years ago by Aston

Tickford, which is also producing

for Jaguar Cars the convertible

by Tickford itself, but talks are un-

about eventual sale through the vol-

9C, 9TL, 9TLE, 9GTS, 18TX saloon

• Volvo car sales in Britain l

month set a company record of more than 12,500. This was 22 per

cent more than in August last year

and a market share of around 3.4

At the end of the first eight

months this year Volvo cars, imported by a Lex group subsidiary,

were showing a 22 per cent volume growth compared with the same pe-

riod of 1982 - more than 45,100

· Iveco, the Fiat subsidiary, which

imports Fiat and Magirus trucks, achieved in August its highest monthly share of the UK market

for vehicles over 3.5 tonnes gross

The British list also recommends:

yen deposits to make Japan's cur-

rency more responsive to market

pressures, and thus end the persist-ent undervaluation of the exchange

• The establishment of a yen-

market to encourage yen financing

● A system of annual questionnaires on import performance to be answered by public corporations,

trade associations and chambers of commerce, with monitoring by the Economic Planning Agency or the Prime Minister's office;

Free office space for three years for foreign companies wishing to establish themselves in Japan and

free space for foreign participants in Japanese trade fairs;

● A "serious look" at what Europe

GTK, 20TS and 20 TD.

against 37,348.

BY JOHN GRIFFITHS

year, also by Ford.

so far in August had reached 337,000, making it certain that the

month's final figure will be at least

350,000 - another record, and by a huge margin. In Angust last year, 302,000 sales also set a record.

gust 1979 – and 1979 was the year in

which total car sales peaked at

With four selling months to go,

and sales to date already exceeding

1.3m, the industry now increasingly

expects that the 1979 full-year re-

RENAULT's import company has

pressure from dealers who com-

plained there were too many model

variants for them to handle effec-

Mr Patrick Faure, who became

ber of dealerships from 440 to about

managing director in September

last year, has also reduced the num-

400 in response to dealers' criti-

He has set a target of 75,000 car

sales for 1983. Last year Renault missed its objective - it hoped for a 5 per cent market share but with

registrations of 64,147 it achieved

4.13 per cent, down from 4.85 per

At the end of July this year Renault's market share had fallen

again to 3.73 per cent and volume was also down from 38,050 to 36,177.

cord will also be broken.

tember 5 1983

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industry.

Japanese, who in the past few years have emerged as fierce competitors to Scotland's whisky trade. Mr John Purvis, Euro MP for Mid-Scotland and Fife, says that in the medium and long term a new regulation could lay down minimum standards for wines and spirits in the EEC. This would include a

FINANCIAL TIMES REPORTER

SCOTTISH Euro MPs have begun a

campaign to protect Scotland's luc-

rative whisky industry from poor

quality competition.

If successful, it could affect the

monitoring committee reviewing implementation within the spirits

He said: "It could lay a new basis for ending discrimination and protecting Scotch and every other European spirit against competition from poor quality products."

Mr Purvis and his Euro colleagues, Mr James Provan (North-East Scotland) and Mr Ken Collins (Strathclyde East), are urging the early implementation of the regula-

This would make it illegal for a spirit to be called Scotch, unless it had been matured in oak casks for three years at least," said Mr Pur-

The Advertising Standards Authority. Vivertisement is wrong, we're here to put it right. ASA Ltd. Brook House Tomogram Place, London WCIE 7HN

UNIONS CHALLENGE NEW JOBS CAMPAIGN

### TUC decision time on **Youth Training Scheme**

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

FORD has become the first car maker to exceed 100,000 sales in the UK in a single month.

one of the poorest times for sales, the continuation of heavy discounting and the launch soon of Ford's K in a single month. ting and the launch soon of Ford's It reached the six-figure level last Orion – the "booted" Escort – and a Tuesday. With several days' pro-cessing of registrations still to be keep the market buoyant until the British traditionally attach to the birth of new institutions. done Ford can be expected to exceed the previous monthly record of A version of the Ford Capri

Delegates at the Trades Union searching for training places and congress (TUC) will consider helping to put together schemes Congress (TUC) will consider 86,854 sales by a single manufactur-er by about 25 per cent. The exist-go on sale early next month at whether to withdraw support from it; some employers cannot wait to go on sale early next month at of people still lack any clear idea to this week's TUC annual congress

> Yet YTS is a new institution that will have a radical impact on some older ones such as apprenticeship and the education system.

Throughout the year, the Manpower Services Commission (MSC) has been seeking 460,000 year-long training places with which to launch the scheme. It had identified

2.8 litre fuel-injected model.

The car will be marketed initially July.

"Places identified" are vaguer than "places approved" - there are now 371,000 of these, with 221,000 for immediate occupation and about derstood to have gone on with Ford 100,000 young people already on the YTS is open to both unemployed

and employed young people, but all unemployed 16-year-olds are guar-anteed places by Christmas. Not all young people will join the cheme on a uniform date, so the MSC still has some time on its hands, and officials are now confident that there will be enough places to go round as YTS builds up through the autumn.

the commission's task group that drew up the YTS. At national level, launch in the autumn, expects to build up to 200 versions a year of the Tickford Capri, based on Ford's the TUC is - like the Confederation 98 per cent of those by the end of of British Industry - unreservedly in support of the YTS and dedicated to making it a success.

tions, has lacked until now.

statements would suggest.

If the experience of the less ambireduced the range of cars on offer 18 Auto (1650cc), 18GTD, 18 Auto tious Youth Opportunities Pro-in the UK from 50 to 38, following Estate. Fuego GTS Auto, Fuego gramme, which ceased earlier this Estate, Fuego GTS Auto, Fuego gramme, which ceased earlier this

THE Youth Training Scheme (YTS) year, is any guide, most young peo-comes into full operation this ple will undoubtedly prefer YTS mine the public training and educa-month with all the ceremony the places to unemployment. So far so good - and the sheer ef-fort that MSC officials have put into the expense of what was best in the become a cheap labour scheme at

traditional apprenticeship system. Some of these worries are already preventing particular YTS it; some employers cannot wait to Yet doubts remain, and many of projects from getting off the start trying to abuse it; and millions those are expressed in resolutions ground, both locally and nationally. Plans to provide 750 places in the heating and ventilating industry, for instance, are stuck because the The trade union movement's relationship with YTS has always been more difficult than official TUC sheetmetalworkers' union is insisting that those young people who will be going on to full apprentice-ships should receive the normal Senior TUC representatives serve first-year pay rate - about C45 - rather than the C25 YTS allowance. on the MSC, and were members of

Mr George Guy, the general secretary, says the union is prepared to accept the YTS "with all its warts and pimples," but not at the expense of existing agreements.

The most critical of the motions That is partly because of the great need to do something to miti- introduced for Blackpool, from the gate youth unemployment. How National Graphical Association ever, it is more particularly because (NGA), a print union, accuses the many trade union leaders and in- Government of using training dustrialists see in the YTS the schemes "not only as a means of beginnings of a genuine system of cynically manipulating unemploy-universal vocational training, which ment figures, but also to break the the UK, unlike other industrial na- link between the pay of apprentices and trainees and that of skilled

On the ground, many trade unionists see it differently. There will be complaints at Blackpool that the need to find 450,000 places by the seed to find 450,0 the autumn is putting quality at risk, that some schemes will deny young people trade union rights, that the use of private training orIf you haven't read the book you don't know what you've been missing.

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### FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

### **Nedbank:** profits and reserves rising in a 'virtuous circle'

BY RICHARD ROLFE

Nedbank's two top executives, Mr Rob Abrahamsen and Mr Anton van der Merwe-Vance, speak in this interview, which opens the series on South African commerce and industry, with Mr Richard Rolfe, editor of Finance Week, Johannesburg.

Of South Africa's five major banks, Nedbank is much the smallest in physical terms, with just over 200 branches across the Republic. But it is by far the most profitable of the banking groups in terms of operating margins. In its last full year, to September 30, Nedbank clocked up profits of R122m (£75m) pre-tax. The six-month period to end-March showed further strong growth, despite the recession in the South African

Nedbank's chief executive, Mr Rob Abrahamsen, ascribes the bank's success to the skill with which it has carved out a niche for itself in the quality, corporate end of the market. The end result has been the highest returns on shareholders funds in South African banking. Over the four-year period to September 1982, Nedbank's return on equity was never lower than 21.1% and soared as high as 25.3% in 1980, the cyclical peak year in banking margins. These rates of return have consistently exceeded the rest of the field.

Mr Abrahamsen explains: "We are in what I call a 'virtuous circle' in which profitability is sufficiently high to pay increasing dividends to shareholders while at the same time expanding our shareholders

6 In the past four years, shareholders funds have risen 75% and dividends

funds." In the South African system, deposits have to be covered as to 6% by shareholders funds, which are therefore the key ingredient in a bank's capacity to take on new business. Since 1979, shareholders funds had risen 75% to R389m at September 30 (£235m) and dividends have increased 85%. The interim figure to end-March showed a further rise to R422m in sharebolders funds and a 31% advance in net

Still, Mr Abrahamsen stresses, none of this growth has been achieved at the expense of relaxing standards. Bad debt experience remains small. And the bank has a comfortable surplus capital position, amounting to R96m at the end of March. What this means is that only some 80% of shareholders funds are currently being applied to taking in deposits: or, put another way, Nedbank could afford to lift deposits from R6.9bn (£4.2bn) at end-March to around R8.6bn.

"We have been criticised for having too comfortable a capital position," Mr Abrahamsen remarks, "But it remains our policy to be conservative. That way, we can have real, balanced growth, expanding our branch system, and probing further into markets like London and New York, as well as expanding in the wholesale sector." He adds: "Our basic framework, our balance sheet, our capital and our people are in place for this two-pronged attack."

Nedbank has always been as much at home in international spheres as in the South African market. Established in 1888 as the South African offshoot of a Netherlands concern, it became independent in the late 1960s. Today Nedbank is South African-controlled and managed, with some 98% of its shares in South African hands.

The original raison d'être was trade finance for commodities such as diamonds and wool between South Africa and the Netherlands; out of this, the branch network and a full range of banking activities grew. Says Mr Abrahamsen: "We've always been very strong in the financing of international trade." For 77 years, the bank has had a branch in London, currently headed by Mr Yale Fisher. Apart from trade finance, the London office has been expanded to carry out normal banking

Mr Abrahamsen believes that South Africa's main trade links with the rest of the world revolve around a Johannesburg-London-New York axis. Speed of communications is of the essence. "We have a computer link between these three centres." Mr Abrahamsen notes, "We have a lot of multinational clients all over the world and we want to give them the best available service." Nedbank's deputy chief executive, Mr Anton van der Merwe-Vance adds: "We go where our customers need us — that's why we've opened up in New York and expanded in London." In New York Nedbank's branch has a federal licence and is eligible to set up operations in other states

Nedbank takes a positive view of recent relaxations of South African exchange con-

**6** The decision-making process has been pushed down the line?

business-winning coun when it announced

Mr Rob Abrahamsen (right), chief executive and Mr Anton van der Merwe-Vance (left), deputy chief executive

trol and of the moves, some of which it initiated, towards heightened competition in the domestic banking system. In March, the bank pulled off a public relations and

### **NEDBANK GROUP LIMITED**

Head Office: 81 Main Street, Johannesburg 2001. Republic of South Africa. PO Box 1144, Johannesburg 2000. Tel Johannesburg 833-0311. Telex 8-3554 SA. Telegrams NEDBEST London subsidiary: Nedbank Limited, 20 Abchurch Lane, London EC4N 7AD

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Nedbank's management style is summed up by Mr van der Merwe-Vance as "informal and relaxed." The bank operates with a small head office staff. Meetings are kept to a minimum and committees, where they

plans to pay interest on current accounts

for the first time: within days, all the other

banking majors were forced to follow suit.

On exchange control, Mr Abrahamsen

believes the trend is irreversibly towards

further relaxations, climaxing with complete

abolition: "You can't turn back without

relegating yourself to second league status,"

he affirms. "The route is very clear. South

Africa is already a very important trading

nation and we will take our rightful place

among the big league trading and invest-

ment nations." Abolition of exchange con-

trols for non-resident investors, he believes,

will stimulate capital inflows to the

Republic: "There will be fewer inhibitions

Further down the line, Nedbank sees the

rand being increasingly traded as an international currency: "You can already call up

any large bank in London to get a rate

quoted." Mr Abrahamsen observes. In

today's world economy, he believes South

Africa stands out as "pretty strong" and

expects both relative and absolute gains

over a 5-10 year period: "Our bank will be

in the forefront of this."

for people to invest in this country."

are convened at all, are for policy and information, not decision-taking, purposes. "There is great depth of management," Mr Abrahamsen explains: "The decision-making process is pushed way down the line." The accent is on promoting young managers. "If you're 35-40, given intelligence and insight into how banking works, you're as well equipped to do the job as when you're 45-50." Mr Abrahamsen, himself only 41, believes.

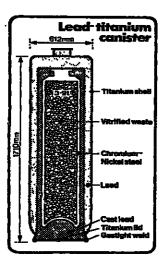
The other credo is flexibility in dealing with business. Nedbank customers find they can obtain easy access to the bank's top management Mr Abrahamsen's philosophy is that "you're never too busy running the bank to see people - whether it's staff or customers." The result is a motivation which seems to come through in performance and profits. Mr Abrahamsen states: "We want to stay No. 1 in financial results, and that permeates right through the organisation."

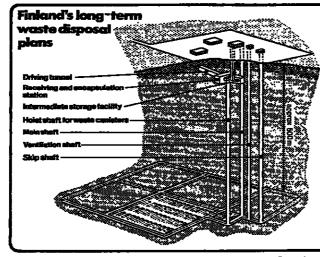
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LONG-TERM NUCLEAR WASTE PLANS IN FINLAND

### Bury it deep, deep down in the bedrock

BY ELAINE WILLIAMS





One of Finland's options is to dispose of its spent nuclear fuel in its stable bedrock. Above left: the fuel is sealed in copper canisters

A LICENCE is about to be granted to build Finland's first medium-term storage facility for nuclear waste. It is a major step in the country's strategy for disposing of high level waste from its nuclear plants.

But it is only the early strategy are neglected to be complete by the strategy are about 1,200 tonnes of the plants. This building will be looked very closely at plans — discussed in an article on this during the 30-year lifetime of page on August 18 — formulated by its neighbour, Sweden, which provided the technology the year 1988 and will be able to store about 1,200 tonnes of units, and decided that a similar strategy was nossible. However, But it is only the early stages spent fuel in its long-term plans for the Spent fu

Finland began its production of nuclear energy in 1977. Now it has two 440 Mw units at the Loviisa Power Station owned by Imatran Voima and two 660 Mw units at the Olkiluoto Power Station owned by Teollisuuden Both are in southern Finland and the nuclear plants generate roughly 34 per cent of the country's electricity needs. Almost the same amount is provided by hydropower.

Now the country is faced with the problems of the long term storage of radioactive waste fromthe plants. By 1990 medium term storage area for spent fuel will be required and design plans are now on the drawing board to be implemented later in this decade. This will involve storing the high level waste at both the nuclear generating sites. Teolissuuden Voima — the Indus-

Spent fuel at the Loviisa safe storage of spent fuels which Nuclear Power Station, how-stretch into the next century. ever, is stored for only five years and then transported in special casks back to the Soviet Union which supplied the tech-Union which supplied the technology and the original fuel for suitable sites for its underthis complex.

> Long term storage plans are not so certain. Finland's Nuclear Waste Commission, set up in 1978, has been studying a variety of options. The hope is that facilities will be availtime that the waste is ready for long-term disposal. Mr Heikki Raumolin, responsible for waste management plans at Teollisuuden Voima, explained that Finland could not simply

> assume that such facilities would be available. "We must prove that we can handle waste with todays technology. We are sure that the techniques will change. This is not the final solution."

This apparent contradiction of terms is explained by the nature of a new carrier material developed by the com-pany, Altec Edeco, a joint ven-

a position to fund the project through to a commercial stage. It has specialised, to date, in

a basic principle of physics— latent heat—in which heat is absorbed or given off when a substance changes state betwee is frozen again, when the latent heat is released.

#### Substantial

strategy was possible. However, Finland wil not need to start constructing its underground

nuclear dustbin until the year

In three year's time the com-mission intends to start some

ground silo situated sime 500

spent fuel rods from the four

nuclear plants will be sealed in

copper canisters. Based on cal-

culations 850 such canisters will be needed to cope with the

total number of spent rods. The canisters will be placed in holes

drilled in the floor of the dis-posal tunnels. The space

between the canister and the bedrock will be filled with ben-

tonite. This is a natural clay which swells dramatically when

it absorbs water and will form a protective layer around the

canister. When all the canisters are in

place the disposal tunnels and

rivals, the Chinese contract
would sult Mendes Junior

Beginning 30 years ago as a

small contractor in Minas Gerais, the Mendes Junior family have built the company

into Brazil's third largest civil contractor, with an income last year of \$653m (£435m) at home and \$476m (£317m) abroad.

The company was responsible for installing a quarter of Brazil's entire hydroelectric

plants, as well as many major

Profits last year were \$111m (£74m) for Constructora Mendes

Junior, the domestic company, and \$15m (£10m) for Mendes

Junior International, its Grand

Cayman Island-based subsidiary, which handles all overseas work.

Using today's technology the

metres below ground.

mounts of heat can be substantial. One of these is sodium acetate hydrate and although its properties have been known for some time, the difficulty has been in controlling them in a useful, repeatable and reliable

The interesting claim made for the Altec Edeco substance the addition of a is that by the addition of a gum and other unstated materials, it can be made to operate in two different ways. The first is conventional in that when the salt changes from solid to liquid during the application of heat, latent energy is absorbed and then will be naturally exchanged with lower temperature surroundings.

But in the second form, the reverse change of state is halted material is heated to produce

DORSET COMPANY WORKS FOR BREAKTHROUGH IN ENERGY STORAGE

### Cool secret of the hot plates

BY GEOFFREY CHARLISH

IF DEVELOPMENTS at a new company in Wimborne, Dorset can be brought to commercial fruitton, it might become pos sible to transport useful amounts of heat stored in a material which is not in itself

ture of the international energy group Edeco Holdings, and Altee, an energy conserva-tion consultancy. Edeco it is understood, is in

equipment to locate and produce oil and has an annual turnover exceeding £15m. The Altec Edeco system uses

solid, liquid and gas. If, for example, ice is to become water at O deg C, it has to be supplied with a specific amount of the control of the neat which then remains the stored " in the water until it

For some substances, the

as a result of the chemical formulation. As before, the a change from solid to gel at 55 degs C. But on cooling, it lissuaden Voima — the industrial Power Company — is now term disposal of waste are a mixture of sand and bendered around burying the tonite sealing off the area, hopeto build its interim storage waste in bedrock. Finland has fully, forever, in the year 2050. In control of the gained by any material when point. loses only its "sensible" heat, tion. But, according to Stokes, This is the normal heat lost or they have not reached the same

UNINSULATED HEAT IN **GEL** ENCAPSULATED AT OYER FORM SOLID SALT HYDRATE COMPOUND SENSIBLE HEAT LATENT HEAT ONLY HEAT RELEASED BATTERY LOST ON AT 58°C PROCES: COOLING REMAINS RETURNS UNINSULATED **GEL AT** TO SOLID INDEFINITELY **AMBIENT** ON ACTIVATION TEMPERATURE

The process still has a long way to go before i reaches the commercial stage. If successful

it is cooling down or heating

However, the key feature of the material is that it does not immediately revert to its solid state and so does not give up its latent heat. The managing director of the company, James Stokes, is quick to point out that this is not another physical phenomenon called super-cooling, which gives similar

So the rather remarkable outcome is that the substance can, it is claimed, be cooled to room temperature while still storing a significant amount of heat in latent form; it contains heat but is not hot.

#### Activated

Just as remarkable is the fact that the substance can be activated when needed to re-lease the latent heat. The company refuses to say exactly how this is done, but it is essentially a mechanical process says Stokes, and does not require the application of much energy.

A shearing action of the material is believed to be

The implications of such a material are significant and it is known that companies such as Dow Chemical and Calor are moving in a similar direction. But, according to Stokes.

crystallisation on heat exchanger walls can produce

further transfer.

There are a number of potential applications. The heat pumps fact that the energy can be "carried around" without the need for insulation might for Military example, allow heat generated at remote power stations or geothermal sources to be trans-

an insulating effect and reduce

released into heating systems. Basic "building blocks" one metre square and 10mm thick can contain enough salt to store one kilowatt hour of latent heat energy. Such plates would be stacked in parallel with spaces between to allow water or air to flow through,

#### Home use

The company believes there could also be domestic applica-tions. For example, in a The Electricity Council tions. For example, in a The Electricity Council, domestic hot water cylinder the Central Electricity Generating salt could be contained in heat Board, the Energy Technology exchanger grids. While water Support Unit at Harwell and is being heated in the copper Ford all have examined, or plan cylinder in the usual way, the salts would absorb energy as units at Wi they change phase from solid 0202 892551.

Indeed, Calor is now under- to liquid. When hot water is claimed, is not subject to heat heat to the new cold water transfer problems. These can arise when the liquid is turning back into a solid: initial supply new hot water much crystallisation on heat There are also prospects for heat storage of a more flexible variety for off-peak storage heaters, solar collectors and

heat pumps.

There may also be a number geothermal sources to be trans- of military applications ranging ported to city areas and from re-useable heat seeking missile decoys to tank and vehicle engine pre-heating.

> retained in the second type of material for at least six months, an indication more of the short length of trials so far than the ultimate storage life. Trials are being conducted to establish the long-term reversibility of the material.

The new joint company plans to be producing heat store

units at Wimborne. More on

POWER EMERSON

#### Graphics

#### Scientific terminal

A LOW cost, high resolution monochrome graphics ter-minal has been introduced in the UK by Brent-Cybernex. The company says that the terminal is suitable for educa-tion and scientific work as well as in the business field. It allows seven variable character sizes to be used on the screen plus a communications port. More information is available on 0582 452020.

#### Computers

#### **Printer** interface

TECHSOLV is a new British company which has launched its first product in the UK.
This is an interface which
allows the DEC computer
system to use Qume, Diablo and Fujuitsu daisy wheel printers without the need for any hardware and software modifications. More details on 0734 584 239.

### It is now known that heat is Intelligent

AN INTELLIGENT digitiser cursor, called the Apache, has been introduced by Intertrade Scientific of High Wycombe. The company says that this can speed the digitising of cartographic details as

small as 0.004 inch. The device made by Altek in the U.S. is based on a 16 bit microprocessor generates cor-ordinates at up to 109 points per second. More information is available on 06285 28231.

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"We have never been a claims

orientated company," Mr Lelliott says, "but you are

bound to get more contractual

has doubled the company's esti-

mating staff over the past 16

moves to develop its manage-

ment fee section, begun in October last year, projecting it

To counter this trend, Lelliott

There are further

when margins get slim.

#### BUILDING AND CIVIL ENGINEERING

**BRAZIL'S GLOBETROTTING CONTRACTOR** 

### Junior in the big league

But its hopes and future profitability are firmly pinned time linking Baghdad to Basra, For the first time, it has

teamed up with its arch rival in the Middle East, Hyundai, to bid for the \$2.6bn (£1.7bn) con-tract to build a 500 km double track railway. Work should be split on a 60:40 basis between the two companies. Sr Murillo Mendes, president

of Mendes Junior International, travels out to Baghdad later this month together with Sr Saraiva Guerreiro, the Brazilian with Algiers on a \$330m Foreign Minister who is on an official visit, in an effort to finalise the contract.

Mendes Junior and Hyundai both have a head start over their main competitors, a French-Greek consortium led by Dumez, through their track record in Iraq and the fact that their men and equipment are already available in the country. The Brazilian company is about to hand over formally the new 520 km railway line it has built from the phosphate mines at Akashat to Baghdad.

But the key to their confidence in winning the new Baghdad-Basra project lies in the financial package they have put together. This includes loans backed by Britain's ECGD, probably in support of electrical equipment to be bought from British companies, as well as forms in China. Petrobras is Braziltan and South Korean already drilling for oil offsbore governments supply credits. About 60 per cent of the

MENDES JUNIOR, Brazil's Brazilian constructor's work now dous business coup over its best-known civil construction comes from abroad and that rivals, the Chinese contract best-known civil construction and engineering company, says it is currently bidding on projects around the world worth a jects around the world worth a domestic orders which has domestic orders which has following the ending of domestic orders from Petrobras for the construction offshore oilfields.

Negotiations are at an on a repeat order from Iraq for advanced stage with Algeria for another major railway line, this a major, low cost housing project: 15,000 units in five cities, the port city at the head of the at an estimated cost of \$1bn Gulf.

(£666m), agreed under a to-government pro-

> Andrew Whitley reports from **Belo Morizonte**

with Algiers on a \$330m (£220m) railway line from Tebessa to M'liai; while a third tender, for a major desert highway, National Road 12, has been

While concentrating on the Middle East, its traditional sphere of action for nearly a decade, Mendes Junior is also scouring out new opportunities in West Africa, a region with a planned longstanding historical ties to 2m tonnes.

Bids are in for projects in the Ivory Coast, Nigeria and Angola though the company is reluctant to be drawn on details at a time of cut-throat competi-tion in the international con-

struction business. One glittering prospect, in association with Petrobras, the Brazilian state oil company, is to build oil production platforms in China. Petrobras is

Apart from being a tremen-

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### **Developing** Selby town

Site work on the £4.7m Market

The development covers part of the central area of Selby, and is bounded by James Street, Market Place and New Lane, with pedestrian access from the Market Place and James Street as well as vehicular access and pedestrian access from New Lane and Portholme Road. It is designed to form the heart of the town's shopping facilities. To be known as Market Cross, it includes 22 shop units, and a retail store, and a re-sited Methodist Church. The refurbished "Abbey Vaults" public house will have frontage into the newly pedestrianised.

Heavy pressure on the bal-ance sheet of Constructora Mendes Junior has come from the company's steel mill, near-ing completion in Juiz de Fora in Minas Gerais state. Initial extensive car parking is being provided with the initial build-ing phase incorporating 140 spaces directly linked to the shopping malls. Completion is output of its rolled products is set at 630,000 tonnes a year with a planned eventual capacity of due by June 1985. While the \$680m (£453m) bill will give the company its own source of materials for new jobs. Mendes Junior also

recognises that it is coming on stream at a time when there is already considerable over-capacity in the Brazilian steel industry. As a low-cost producer with modern equipment, the hope is to undercut established producers at home and find export markets. The new steel mill and a joint venture in Brazil with Siemens, manufacturing electri-

al and mechanical equipment

called Insat, are part of the

company's strategy of improv-

ing self-sufficiency and vertical integration. But the company's biggest headache is unpaid government bills. The average delay on payment in Brazil is now between 180 and 210 days according to Sr Mendes. To meet working capital needs the company is therefore having to borrow far more than it would like on the domestic money market, where interest rates are running at well over 20 per cent a year in

real terms.

### **CONTRACTS** centre

Cros, Selby, town centre shopping development has started. York-based Shepherd Development Co. and Mack and Lawler Properties of Selby are joint developers of the scheme in association with Selby District Council. Main building contract, placed with SHEPHERD CONSTRUCTION, is worth fi.5m. SQUIRE W. SWIFT has a £100,000 contract for a car park. Selby, town centre og development has

into the newly pedestrianised malls of the scheme. In addition

Demolition and excavation work is underway at Snaresbrook in East London to clear the way for rebuilding three crown courts damaged by fire. The film 14-month contract for the single-storey structure has been awarded to JOHN LAING CONSTRUCTION by the Property Services Agency. Reinforced concrete pad foundations will support a structural steel frame which will have internal brickwork partitions. Installations of acoustically suitable hardwood panelling, and courtroom fittings are included.

TRUETT AND STEEL has won contracts in South London totalling over £1.5m. The largest is for sheltered housing and thapel at Haling Park, South Croydon, Surrey, for The Whitgift Foundation, worth £815,000.

The £1.54m contract for a fourstorey office block on a cleared
site in Aylesbury. Bucks, has
been awarded to Y. J. LOVELL
(MIDLAND) by Chesterfield
Properties. The reinforced concrete frame will stand on bored
piles which support caps and
ground beams. External walls
will be in red brick under the
blue-black slate mansard roof.

#### REFURBISHMENT

### that rare and lucky breed of British builders still busy enough not to have time to beat

about the bush.
"The point is," he says breathlessly, dashing in late to his Mayfair offices after a hectic morning of site inspections, "the major companies are now coming in to the refurbishment sector, often below cost, just to

give their people something to This accusation is greeted with a chorus of denials—some convincing, some less so—from Mr Lelliott's rivals. But the general direction of the sector does suggest he has justifiable grounds for concern.

Though Lelliott's billboards

still crowd the lucrative City, West End and general South-East England commercial sites, the pressure is now on from names not immediately asso-ciated with the refurbishment

Paradoxically, it is the very

success of the sector against other depressed areas of construction that has dramatically reduced profit margins and increased the competition.

That success is relative. In the first quarter of this year, private refurbishment output, excluding housing dropped 3 points to 128.9 (1975=100) against the same period last year. This was in turn a marked fall on the 140.6 recorded in the first three mouths of 1981. Nevertheless, alongside new Nevertheless, alongside new private housing output (103.3 in the first quarter of 1983, but just 76.2 in the same period of 1981) or new industrial property building (73.8 and 74.7 respectively), refurbishment has thrived.

The building industry has not been slow to notice. As Mr

been slow to notice. As Mr Lelliott remarks: The strike rate in tenders used to be one-As a company with 80 per cent of its business in refurbish-ment, Lelliott has won its share

ment, Lelliott has won its share of the new work. Draft figures for 1982-83 anticipate sales of £55m, while the projection for the group's turnover in the coming years is £62m.

However, pre-tax profits of £1.5m are expected to rise by only about £200,000 next year. "Prices have been forced down," explains Mr Lelliott. "The usual margins used to be about 5 to 8 per cent, but now about 5 to 8 per cent, but now they are often just 1,5 per cent

above cost."
That trend is confirmed by Tarmac Refurb, set up as a blue-black slate mansard roof. Tarmac Refurb, set up as a The open plan offices will provide 41,129 sq ft. Completion of the main company in the is scheduled for November 1984. West Midlands four years ago.

### Margins getting slimmer



John Lelliott on his biggest job at Swan & Edgar.

5 to 7.5 per cent range to 2.5 to

squeezing it down and we are forced to go in at cost or about cost to pick up the work." The growing view among the major builders entering the field—among others, French

A scheme has been launched by the National Federation of Demolition Contractors to commit "as built" drawings of all unconventional struc-tures to microfilm, so that in the future, demolition experts can refer to the drawings and so demolish these complex structures with a minimum of

The Register of Unconventional Structures is the result of several years of campaign-ing by NFDC to achieve greater safety and control in the light of the increasing trend towards prestressed

5 per cent.

5 per cent.

1 It is not the major companies who have squeezed the market, though more are coming in," Mr Wigley said.

1 The smaller contractors are squeezing it down and we are companies to 7.5 per cent range to 2.5 to 7.5 per cent range to 2.5 to 7.5 per cent range to 2.5 to 7.5 per cent range to 2.5 to 7.5 per cent range to 2.5 to 7.5 per cent range to 2.5 to 7.5 per cent range to 2.5 to 7.5 per cent range to 2.5 to 7.5 per cent.

In London, where Lelliott claims almost 25 per cent of the market, the pickings are richer with major office and store refurbishment work providing a still-lucrative living. riding a still-lucrative living.

But the competition has also created problems over conractors' increasing claims against clients for higher payments when sites are held up by delays or other obstacles.

At present, Mr Lelliott believes he has plenty of time before considering going public, a move which he says he would only consider when he reaches his 50s. He is now 48. created problems over con-tractors' increasing claims against clients for higher pay-ments when sites are held up by delays or other obstacles.

#### AROUND THE INDUSTRY

structures and the develop-ment of unorthodox and unconventional building techniques and design.

computerised system called SGI-HASP Digical ILS has been introduced by Surrey and General Instrument Company to pro-cess the results of a land surrey from field data collection right through to a final anotated plan plot. Designed for anyone with a need to

process and manipulate data, the system is the process and manipulate data, the system is thought to be of particular use for local authorities and civil engineering consultants and specialist survey companies. Initial users include BP Exploration. More from SGI on 0732 864111.

IVO DAWNAY

as a logical cost saver for companies like stores and hotels where regular updating of design and fittings is required. In its first year of trading, Lehlott Management Fee generated £5m in work, £2m more than was originally fore-

The company has also adopted an "if you can't beat them, join them" policy towards the larger builders with plans to move strongly into new-build work, including some housebuilding, to supplement its refurbishment and mechaniand electrical services

In the meantime, Mr Lelliott's

acquisitive eyes will scan the marketplace for suitable companies in shopfitting, scaffolding and stonemasonry. Mr Graham Wigley, the chief estimator, confirmed last week that Midlands business had doubled to £4m since 1979, but margins are now down from the star 2.5 per cent range to 2.5 to overheads.

Kier, Wimpey and Laing—is ing and stonemasonry. Nevertheless, he is continued that companies' continued that companies' continued in an advantage of the cost of commissioning new properties. The burgeoning environment of the cost of commissioning new properties. ties, the burgeoning environ-mentalist lobby and the problems that density regulations bring for new buildings will continue to give the refurbish-ment business a natural dyna-mism for the foreseeable future.

turers' Association as an

A voluntary training scheme has been established by the Asbestos Cement Manufac alternative arrangement to the one previously operated by the Ceramics, Glass and Mineral Products Industry

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#### **Calling in** a tactician

"THE DAY I entered the Treasury, I knew that, one way or another, I could end up in a bank," says Jean-Yves Haberer, 50, one of France's most distinguished civil servants of recent years and now since its pationalisa. and now, since its nationalisation in February 1982, chairman of the financial and banking group Paribas.

What he did not foresee was the spectacular manner of his calling. As director of the Treasury at the French Finance Ministry, one of the most powerful posts in the administrative hierarchy. Haberer was in an aeroplane over Mexico accompanying President Francols Mitterrand to the Cancus summit of October 1981 when he received the message. The Socialist government was calling on a financial tactician who had already served political masters of a very different by the was a faithful ferent hue—he was a faithful aide of Right-wing minister Michel Debré during the 1960s and had become a close confidant of President Giscard d'Estaing—to pick up the

Pierre Moussa, the man who had built up Paribas as one of the world's most thrusting investment banks—and made it a key target of the Socialists' takeover campaign—had just resigned as chairman in a bitter row over nationalisa-

Traditionally villfied by the Socialists as a "state with-in a state" because of its complex web of financial in-terests, Paribas had succeded in flat-footing the Govern-ment's nationalisation ment's nationalisation strategy. It had managed secretly to sell majority control in its key Swiss and Bel-gian subsidiaries to ensure that they slipped through the takeover net. In the ensuing fluster, Moussa, together with other Paribas executives, were charged in connection with alleged illegal breaches of exchange controls — charges which are still pending. In the midst of the October

troubles, Haberer was recom-mended by former Paribas chairman Jacques de Fouchier —whose interest in seeing the bank surmount its vicissítudes was as sírong as anv-

one's—as the man best able to take over the helm. Now, more than 18 months after he took over. Haherer presides over a group which still makes reasonable profits, although last year its earnings were hit like those of

The financial and indus-trial holding group Compag-nie Financiere de Parlbas, mie rinanciere de Farinas, with total assets of FFF 347hn (£29hn) at the end of last year, recorded consolidated net pro-fits down 27 per cent last year at FFr 506m. Profits of the Paribas banking arm, with a Paribas banking arm, with a balance sheet of FFr 150hn (the fourth largest of French hanks) fell 26 per cent to FFr 126m—although operating earnings (before tax. depreciation and provisions) rose by a record 48 per cent.

The new chairman praised, even by those who also find faults, as a man of formidable intelligence and energy—has managed to keep the Parihas management team practically intact.
All the same, with the change of ownership has come a change in character—

although less important than had earlier been feared among Paribas' partner banks. At its most aggressive and basic level, criticism comes from those who say a state owned bank cannot do the same free-wheeling job as a private institution. As one Paris banker who knows Paribas intimately puts it: "The idea of a government-owned banque d'affaires is an incredible paradox. It's like saying a man should be a successful jockey and eat fole gras and drink beer. It's so

Another Paribas insider who has detailed knowledge of both the Moussa and the Haberer eras sums up the change in a less extreme fashion. Although professing great "respect and profes-sional esteem" for the new chairman, he says the "spirit, dynamism and capacity for entrepreneurial decisions

has been weakened. The change has been emphasised, he says, by the decision of S. G. Warburg, the decision of S. C. warburg, the London merchant bank, to weaken its traditional links with Paribas, underlined through the two banks' crossshareholdings in each other having recently been reduced. Paribas no longer has the same capacity says this insider, to attract top international talent into its senior

management.

A third view whee from David Scholey, joint chairman of Warburg's. He plays down the modification of the two banks' links—"the structure is different, but the spirit is the same." Haberer, he says, her been forced with the test. been faced with the task "restabilising" Paribas and its staff after the fracas of autumn 1981—but in a couple years' time, says Scholey. could\_emerge\_as\_a



Jean-Yves Haberer: " Changing from a government to a bank is not a particularly French phenomenon."

### Paribas enters a new era

David Marsh examines the impact of nationalisation on one of France's major banks and interviews its new chairman

JEAN-YVES HABERER himself goes to great lengths to Moussa, whose advice—for inunderline his independence of stance on personnel matters—manoeuvre at Paribas. In his he values highly. taking charge last year he said he "contradicts completely" to management team on more charges of faltering dynamism.

Let values highly.

A well-organised man who has restructured the Paribas top management team on more precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines than the precise lines that the precise lines the precise lines that the precise lines that the precise lines the precise lines the precise lines that the precise lines the preci

Certainly Haberer, with his wealth of experience at the Treasury and his expertise on the international circuit (he was head of the EEC's monetary committee of treasury officials and central bankers before be took the Paribas job), is the best placed of the current batch of French bank chairman to stand up to interventionist tendencies by central govern-

civil servant who has known Haberer on and off for over 20 years comments that he is probably mindful too of the need to retain the sympathy of the Right—in order to hold on

the Finance Minister, for two isolate Paribas from the other decades, and also remains in banks which had accepted."

close personal touch with

precise lines than under Moussa's more informal approach, Haberer makes clear just one general instruction from the Government: "to

" Naturally I have been asked generally to support the financing of exports, help industry and small businesses and promote technological innovation. But since I took over I have not Another top ranking French had one letter or telephone call ivil servant who has known telling me to do or not to do something specific for a particular enterprise.

develop Paribas and make

Concerning the controversial the right—in order to hold on to his job should the government move in May 1982 instructing the banks to provide FFr 6bn (£500m) for the newlyment, at some point in the future, change, "He keeps plenty of irons in the 520 ment, at some point in the nationalised industries. Haberer future, change. "He keeps plenty of irons in the fire— without getting his fingers burnt."

The proof is that it has not been repeated. That belongs totally in the past. And in fact Haberer, for instance, has I didn't receive any instruction, been a friend of Jacques Delors, but accepted in order not to

"Changing from a government to a bank is not a particularly French phenomenon. The holding company.
French Treasury directorate Before nationalisation, says has always been a nursery for the banks. that he is in command.

He says he has been given the bank and the administration ends.

> enterprise, he cites in particu-lar the bank's continuing expansion of foreign activities. Overall international operations account for more than half its profits, with the bank present in about 60 countries. Last year took over majority control in the New York securities firm Becker (now renamed Paribas Becker) by buying out War-burgs 25 per cent stake. Paribas now owns 51 per cent, with the rest held by Becker employees. Becker was in the red in the first half of 1982 but has since returned to profit.

which Moussa took a keen The fear that Paribas would

Haberer plays down the become a totally different bank aspect of being "parachuted" under state control inspired the from the Treasury to the chairman's job.

The become a totally different bank aspect of being "parachuted" under state control inspired the bank's foreign partners to take control of its Swiss and Belgian sub-sidiaries through the Pargesa

Haberer, "evidently the emo-tion of the bank's leading personnel was contagious, and a certain number of Paribas' partners (abroad) were ner-vous or even appalled at the idea of nationalisation. Not all, mind von—our friends at As an example of continuing mind you—our friends at Warburg showed a degree of sang-froid and perceptiveness which was remarkable."

Since the takeover, however, "We haven't lost one deposit, one client or one privileged partner as a result of the nationalisation."

"When I went to New York for the first time to see the chairmen of the top dozen New York banks, I had some set phrases ready to explain that nationalisation had changed neither our competitive spirit nor our management. After Haberer is also maintaining some conversation I realised Paribas's emphasis on invest- that that didn't interest them ment in innovative areas like and that the event had simply biotechnology — a sector in been classified as without con-sequences. It bored them to listen to me on that!" As a specific example of the

bank's maintained reputation in the U.S.—where (like in parts of the Arab world) there had been particular disquet in some circles before the take-over—Haberer says: "When I over—Haberer says: "When I discussed buying out Warburgs' stake in Becker with the U.S. authorities, there was not the least reluctance."

The issue which raised so much emotion in October 1981—the question of control of the Swiss subsidiary. Paribas Swiss—is now, according to Haberer, a great deal less con-troversial. Links between the subsidiary—in which Paribas now owns 44 per cent and Pargesa 54 per cent—and Paribas have since been

"Paribas Suisse, which carries our name, is considered like a subsidiary and part of our organisation," says Haberer.
"The fact that we don't presently have a majority of its capital is not itself a hindrance from that point of view, since the other shareholders are not banks. They are friends of Paribas—we don't forget that who were chosen by Paribas to take over the majority share in anticipation of a future direction to events which did not in fact take place. Nothing has changed in its management nor in the synergies which exist between us."

n lending risks — both for problem countries like Mexico and Brazil and for companies in difficulty. Overall, Paribas provisions doubled last year to FFr 1.2bu.

In the case of some companies in which the Paribas holding company also has significant shareholdings, the need to make provisions has been com-pounded by the necessity to grant capital injections, making a dent in the bank's profit and loss account to the tune of several hundred million francs. The total Paribas investment portfolio is valued at about FFr 10ba,

The problem shareholdings Compagnie Generale Immobilier de Banque, which has lost money by lending at fixed interest rates at a time of low credit costs; the Societe Generale de Fonderie boiler-making company the Cofer making company; the Cofaz fertilisers concern (in which Paribas is planned shortly to sell majority control to the

owned jointly with the Govern Haberer takes a philosophical liaberer takes a philosophical view of action to help companies in difficulties. Rescheduling of debts, he says, "is something which a bank has to do whether privately or publicly-owned. That's what I, as director of the Trakury, what I wishes to do as a private asked Paribas to do as a private bank during the last few years, and something which Paribas carried out as part of the banking community.

In one particular case of international lending—its exposure to the troubled Louisiana natural resources company Goodhope Refinery, where the Paribas group has \$245m outstanding—the bank has been rumoured to have made losses. But, says Haberer, "contrary to all the malevolent rumours, we have not lost a dollar for the moment. Interest payments are guaranteed by a levy on the company's operating receives. company's operating receipts, and the credits are guaranteed by the fact that the company's real assets are well above the banking debt."

It is in the management field that Haberer has shown most clearly his characteristic love of order and precision. One long-standing acquaintance re-calls the shock waves he caused nor in the synergies which exist between us."

The most important reason behind last year's lower net profits was increased provisions on lending risks—both for asking for figure 1968. "He really shook the diplomats by asking for figure 1968." asking for five-page documents to be boiled down to two lines."

Haberer has kept Paribas' senior management team largely intact. The only notable depar-tures have been Moussa himself, Gerard Eskenazi, the former joint No. 2, and Jean-Louis Masurel, formerly in charge of domestic banking. who has just left (Paribas was sorry to see him go) to become general manager of the Moet-Hennessy champagne company. But the directors have been re-grouped from the loose-limbed enior common room" favoured by Moussa into a 12-man execu-tive committee which meets The problem shareholdings two or three times a week to include the banking subsidiary run the operations of the bank.

Haberer rejects the idea that he has remodelled the Paribas team on Treasury lines by bringing in ex-civil servants.
"I have recruited just two senior people from the Treasury (Phillippe Aubert, head of the bank's branch in Hong Kong and merchant banking subsidiary, and Philippe Dulac, who Total oil group); and the inter-national trading group SCOA. signary, and rumppe Dunc, who has taken over Masurel's job and has just been appointed The holding company is also deputy president of the Paribas having to subscribe to a capital bank). I have recruited them increase of about FFr 300m not because of where they needed to repair the capital came from, but because they structure of the retail bank are excellent and necessary—Credit du Nord, which made a and Paribas would have done loss last year and which is the same had it been private."



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#### THE ARTS

#### Architecture

Colin Amery

### Islamic inspiration

In the sumptuous setting of the second countyard of the Topkapi Sarayi in Istanbul last night the Aga Khan and the President of Turkey presented the world's richest architectural prizes. It was in 1976 that the Aga Khan, Imam of the Ismaili muslims, established the Aga Khan Awards Foundation to encourage exceptional achievaments in the arts and sciences. It is interesting that architecture should be the first broad area of concern. The Aga Khan was right when he said then that he could think of, "no other art form which exercises such a permanent influence over our

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The award is a lavish one: \$500,000 is distributed every three years. But it is not just the large sums of money that make this a remarkable award: it is the aims and supporting activities that make it so worth-

The aim is "to nurture amongst architects and related professionals a heightened awareness of Islamic culture while encouraging an architec-ture appropriate to the 20th

century."
Someone, somewhere—the Aga Khan or his advisers—had seen that the 20th century, particularly with rising oil revenues in many Muslim countries, was about to destroy the traditional fabric of Islam. What a contrast to the West where an equivalent onrush of materialism has so often resulted in the ruin of our Western architectural

traditions. Anyone travelling in the Middle East, parts of Africa, Malaysia and India can see with his own eyes the spreading seas indifferent, vaguely modern architecture that accompanies the emergence of nation states from colonialism. The award is to encourage the development of an architecture that is contemporary but aware of the roots and essence of Muslim culture.

It would be easy for this criterion to lead to a rash of poor pastiche buildings. To prevent this a complex selection between many Muslim counprocedure has been evolved that takes three years, involves choice was both thoughtful and confidential nowingting site.

confidential nominations, site visits by technical assessors and long discussions by a high powered international jury. for its continuance of tradition
The prizewinning buildings in a contemporary building. A
are only part of the story, great four-towered mud brick are only part of the story, great foll-towered mind orick. Seminars are held that have structure—it was conceived dealt with subjects as varied as and built by one master mason, "Architecture as symbol" his son and local labour. It (held in Fez) and the "Chang-towered with the structure integrity of ing Rural Habitat" (held in this building that impressed the Peking). The award also publishes an integrational architecture fudin's mosque in the little

tural magazine Mimor and there



The Great Mosque at Niono, Mali

gramme in Islamic art and The architecture at Harvard. emphasis is constantly placed upon the social, cultural and environmental aspects of archi-tecture, not ignoring economics

at the expense of aesthetics.

What is the result of all this high-powered travel and thought? In 1980, when the first awards were made, the jury's statement was somewhat equivocal and cautious. They did not consider they had found the ultimate in architectural excellence but "steps in a pro-cess of discovery." In that year they awarded prizes across a

entries, show the wide geo-graphical span of Islam — from Mali in Africa to Malaysia.

eclectic. The Great Mosque at Niono in Mali was praised by the jury for its continuance of tradition

is a research and teaching pro- by contrast, modern in form,

Indeed the jury describe it as conceived by the Malaysian avant-garde — is the precursor government. It is modelled on

nacular, demonstrating to the satisfaction of the jury that traditional architecture using local materials and local unskilled labour is "cheaper and more commoditive than conven-tional modern buildings using imported materials and techno-

imported materials and technology." The Rameses Wissa Wassef Arts Centre is clearly the work of an artist.

Two private residences receive prizes, one at Sousse in Tunisia and one in a Turkish village. The Turkish house for a written and an archaeologic a writer and an archaeologist was built in 84 days entirely by traditional methods. By contrast, the Tunisian development is more contemporary.

The most spectacular winner is the Hajj Terminal at the King is the Hajj Terminal at the King Abdul Aziz International Airport at Jeddah, Saudi Arabia. Designed by the American architects Skidmore, Owings and Merrill, it is a grand and glorious modern version of the giant desert tent. This structure is the structure of t ture has to accommodate 5,000

of Mosques to come old the traditional wooden istanas, fashioned modern? raised on stilts above the An arts centre at Giza in lagoons where rare turtles Egypt is in fact a school of breed. These beautiful buildtraditional weaving and other ings demonstrate perfectly the crafts. This is deeply ver- aim of the award—the development of traditional forms for modern uses that will also help the country's economy.

There are also four restora tion projects that highlight the need for more conservation work in the Muslim world. They are the domed tomb of Shar Rukn-i-Alam at Multan in Pakistan; the beginning of the re-habilitation of a whole quarter of old Cairo—the Darb Quirmiz; the reconstruction of the lavishly decorated Azem Palace in Damascus as a museum: and reconstruction of part of the Medina of Tunis, the Hafsia quarter, as a low cost housing scheme which should provide a lead for the reconstruction of the older quarters of many Muslim cities.

There can be no doubt that this is an enlightened award, heightening an awareness of ticular sphere of its influence. Islam's traditions are strong but Western tradition has always been more fluid and able pilgrims per hour — and shade to absorb influences from all and service them for up to 36 quarters. It is that intangible this building that impressed the hours. As the jury says this jury. The small white Shere-fidin's mosque in the little
Yugoslavian town of Visoko is, Kuala Trengamu in Malaysia is good architecture, continues to part of a tourist development seek at all levels. part of a tourist development seek at all levels

#### Tales from Hollywood/Olivier

#### Michael Coveney

three plays by Odon von Horváth and dissatisfied exile over the past few years in the cinema, Christopher Hampton has certainly found the right subject. At the National Theatre, Horváth is a fictional, confidential guide to the world of German writers who fled to Hollywood as Hitler cast his shadow across Europe. In fact, he never went there. He was killed in a storm by a falling branch in 1938. His plays had een rarely performed and indifferently received.

Hampton himself knows the vagaries of the film industry at first hand — I have long since given up bearing news of his promised version of The Moon and Sixpence — and, like many English playwrights, is in fact homeless. The National at least has offered a platform to his Horváth translations (I discount his unfortunate brush with George Steiner's Hitler debacle

As a translator himself of Stoppard. But the melting pot Michael Gambon's shambling, instantly suspicious of any of a migrant artistic community unsurprised Horvath makes tolerated by and tolerating, just spiritual contact with Philip about, the rules of Hollywood, Locke's disappointed Heinrich is not presented merely as a West Coast Travesties.

We meet Brecht locked in immutable conflicts with the Manns, Thomas and Heinrich. We learn about the formation of the European Film Fund and the slave wage conditions of the artists it sponsored. We are informed, in a glancing way, of the split among the emigre community over its attitude to Germany once the war is over. Some of these issues are dealt with more comprehensively in recent books, notably James K. Lyon's Bertolt Brecht in Horváth knows he has arrived, love Strangers in Paragise. lor's Strangers in Paradise (which certainly won the best

title contest). Nonetheless Hampton's dramatic inventions are strikingly original and reverberative. In the opening scene, the branch misses Horvath who, with an affidavit in his pocket, finds himself failing to communicate George Steiner's Hitler debacle at the Mermaid) but even the latest of these is due to be premiered next year by the Manhattan Theatre Club.

Just as Australia last year winkled out David Hare's new play before anyone else, so the Mark Taper Forum in Los Angeles got Hampton going on his walk around the emigrés. The idea of Horváth in the chair whose The Blue Angel has been with John Bluthal's savagely hilarious film producer over the next British bistorical subject. Edward II. ("In your story the King of England is a goddam faggot!")

The crux of these is due to be premiered next year by the Mark British bistorical subject. Edward II. ("In your story the King of England is a goddam faggot!")

The crux of these is due to be premiered next year by the Mark British bistorical subject. Edward II. ("In your story the King of England is a goddam faggot!")

The idea of Horvath in the chair whose The Blue Angel has been is a brilliant one, worthy of served up in foreign dressing.

while Thomas drones on at

hint not to. The scheme is reinforced by Horváth's relationship with Heinrich's ex-barmaid wife Nelly, whom Billy Whitelaw first of all threatens to restrict to a Barbara Windsor imper-sonation. But at Horváth's 40th

loving the vulgarity Brecht haus so obnoxious.

"I feel like a sausage in a greenhouse," exclaims Bertolt after the interval, Ian McDiarmid having a field day a sa vulpine cynic who invades the auditorium with explosive a sneers at the naturalistic settings. He commands white e light wherever he goes. My only objection here is that Peter a final deception, and the whole zany hellzapoppin might best be objection here is that Peter Gill's production weighs the arguments between Horvath and Brecht just a shade too obviously. All good bourgeois

production these days that employs strobe lighting at key points, such as during Nelly's successful suicide bid. Nor does social functions and reads from Alison Chitty's assemblage of mighty tomes at the drop of a three screens, sliding furniture and solid full frontal interiors really coalesce into a convincing design pattern. Surely, too, Mr Bluthal could have been allowed to complete a trilogy of Hollywood types in the final Hockneyesque swimming pool

Hampton's great achievement, however, is to have given real animation to a series of complex arguments about the status of the artist in a hostile community; to have elucidated, in a most entertaining way, the

summarised by the early inter-Brecht just a shade too obviously. All good bourgeois National Theatre goers will love a guffaw at the old fox's expense.

Thomas Mann (vaguely played by Guy Rolfe) disappears a little too quickly into the maelstrom and I am vention of a character swinging down from the wings: "Me Johnny Weissmuller. You Thomas Mann." Just so. Hampton has written a play whose message (sorry, theme) is not confined to the historical circumstances it so vigorously illuminates. vention of a character swinging

#### Concertgebouw Orchestra/Albert Hall

#### **Andrew Clements**

BBC Symphony/Albert Hall

David Murray

the Amsterdam Concertgebouw astray, not a single counter-Orchestra is doubly welcome point was obscured. The blend was given edge by a trio of trumpets of quite spectacular principal conductor. Bernard principal conductor, Bernard Haitink. They are to give two concerts in the Albert Hall; conight the main work will be Shostakovich's eighth symphony, and on Saturday they tackled a symphony on a yet grander, nore epic scale, Bruckner's

Ninth.

"Tackled" is a mean description of an account so compre-hensive, so unforced. The warmth and golden mellowness of this orchestra may have evolved as a direct result of the acoustics of the Concertgebouw itself, but the long tradition of Bruckner and Mahler playing has surely left a mark also. No timbre is more suited to Bruckner than this, with strings of impenetrable depth and smoothness and a brass all but obliterated memories of choir of undimmable splendour.

Most unexpected was the special care.

Such a colossal performance all but obliterated memories of the special care.

Mozart's Haffner Score and the special care.

A regular visitor to the Proms, tone not a scrap of detail went incisiveness. Haitink's concern for clean

logical outlines never paid more handsome dividends than here. His shaping of para-graphs is unerring, his pacing unquestionable. It was in strict chronometric terms a relatively swift Ninth, though where it pressed unnaturally forward I could not say. More by his refusal to linger, despite all the temptations of such a pliant and responsive body of strings, did Haitink make his points with economy; certainly there was no want of amplitude in the melodies of the final Adagio, and the great brass climaxes were articulated with excep-tional care.

clarity; for all the generosity of nevertheless a view of the

no nonsense about over-thinning lively improvised "composi-the bass line: four double basses tion" in which the pair of were the correct order of the

An hour and a half after the concertgebouw players had quit the stage (though not before the Promenaders had successfully demanded an encore) it was refurbished, with sumptuous red carpet, for the was refurbished, with sumptions red carpet, for the second all-night Prom of music Ram Narayan and the flautist Hariprosad Chaurasia. Mr sisted entirely of rags; this time, however, much of the night was given over to the dhrupad, an even more vener-

timbre. It builds slowly, on night.

symphony fit to set beside an appropriately Brucknerian Bruckner—powerful in its scale; the first of two dhrupads outer movements, firmly lasted 80 minutes, from the first sculpted in its Andante, with halting, sustained tones to the male voices were joined by a pakhawaj drum. The Dagar family has been responsible for rescuing the dhrupad from oblivion, and Zia Fariduddin

three-stringed affair, played with a heavy bow; the technique relies heavily on echo effects dhrupad, an even more venerable form which has only recently been saved from total meditative, finely inflected. He and Mr Chaurasia appeared with The dhrupad is a vocal form, the tabla player Kashinath demanding a formidable singing technique with a multitude of inflections and changes of the strongest impression of the the tabla player Kashinath Mishra, and it was the husky,

#### Mare Nostrum/ICA

#### **Andrew Clements**

Mauricio Kagel shares with Luigi Nono the distinction of almost complete neglect in Britain. Both are leading and influential composers in Europe, and neither's work has become established here. Some of Kagel's instrumental pleces we have got to know through his collaborations with the London Sinfonietta, but of his sizeable output for music theatre, the core of his achievement, we have seen next to nothing.

Baritone). The six instrumental like work was given in the same produced, and conducted by David Sawer.

Mare Nostrum bears the subtitle "The discovery, pacification, and conversion of the was entirely resistible. The mileage to be extracted out of the Amazon." It presents colonisation turned on its head, as the invader journeys from Portugal to Israel, commenting on the habits of the countries as he "civilises" them. The french brandish Tricoleurs and throw their refuse into the go on for far too long. More

core of his achievement, we have seen next to nothing.

For that reason alone, MusiCA's staging of Kagel's 1975 allegory More Nostrum, the first in this country, was the series' most ambitious and important project to date. It utilised expertise from several Continental productions, notably in its two protagonists, John Patrick Thomas (counter tenor) and Lorenz Minth (bass subject in the back.

sea; the Italians are "small and rewarding was the beauty of gross, with sunglasses and curly black hairs;" The Turks "believe in both the war and peace." It ends in tragedy as invader and invaded embrace in mare nostrum (represented by a child's paddling pool) and the new coloniser knifes his subject in the back.

The Turks rewarding was the beauty of year's event, to be held from October 20 to 31. They are fragile textures drawn from the ensemble, sometimes development and invader and invaded embrace in mare nostrum (represented by a child's paddling pool) and the new coloniser knifes his subject in the back.

The Gunning Widow).

As an antidote to the serious, self-important music-theatre cert programme has been subsubject in the back.

throw their refuse into the go on for far too long. More sea; the Italians are "small and rewarding was the beauty of gross, with sunglasses and curly some of the musical interludes: black hairs;" The Turks fragile textures drawn from the

Opera, has announced that three operas will be performed at this

Boys' Choir.
The piece cast its usual cool

the heroine's spoken part spidery line that guides the elegantly declaimed by Claude dance (and Atherton allowed Mathieu. Stravinsky obviously some recitatives a disproportionimagined the tenor solos for a 
lighter, brighter French sound 
than Philip Langridge can really 
muster, but if that caused him 
any discomfort it showed only lately. Still, they gave a gracein some strained top notes; his ful account of this rarefied 
ardour and his musical diction.

made compensation. The suave demands the utmost tack choral writing was safely They were self-effacing to a entrusted to the BBC Singers fault in Prokonev's Violin Conand John Walker's Tiffin School certo No. 1, where the exquisite Boys' Choir.

The piece cast its usual cool all—needs a tingle of electricity

Stravinsky-Gide product, which

The main work in Friday's subtle variants of grey flecked playing should claim the fore- made a vivid start for the con-Russian Prom was Stravinsky's with higher tints, and a soft ground completely, and one cert. Presumably its place in "mélodrame" Perséphone— were nicely realised; found lyrical sense in every. Disney's Fantasia, and by the there was less sense of the taut, thing, making a decisive rebuke fact that it practically plays there was less sense of the taut, thing, making a decisive rebuke fact that it practically plays the persive's spoken part.

to the great Huberman (who itself and goes down easily; famously refused to play the Mussorgsky's original is longer, Concerto). tougher and more dangerous.
Rimsky-Korsakov's "version" and fairly breathes the postof Mussorgsky's A Night on the Glinka Russianism which Bare Mountain—more exactly, Rimsky was so clever at deodo-Rimsky's fantasy on certain rising to please cosmopolitan themes from the piece!—had noses.

#### Russian avant-garde art at R.A.

drawn from the world's most sian avant-garde in 1946. Over important private collection of Russian modern art helonging Russian art history, 1910-1930, Russian modern art, belonging from oblivion and discovered The piece cast its usual cool all—needs a tingle of electricity and state induction and discovered spell under David Atherton's in the orchestral support, not to George Costakis, will be on more than 45 artists, many of direction, though this time its just discreet following. But view at the Royal Academy from whom, fearful for their careers, contours seemed a degree oversmooth. Its pastel tones— György Pauk's superbly musical Costakis began to collect the concealed their best work.

Nearly 300 works of art work of the then-forgotten Rus-

Solution to puzzle No. 5,206

SOUTION TO PREZZE NO. 5,200

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and the second second

### Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-

#### Music

LONDON

Philharmonis Orchestra conducted by Thomas Wilbrandt with Ralph Wall-fisch, piano. Weber, Dvorak and Beethoven. Barbican Hall (Mon). Philharmonia Orchestra conducted by

Carlos Paita with Daniel Varsano, piano. Weber, Mozart and Beethovon. Barbican Hall (Tue).

Philharmonia Orchestra with the Choir of Kings College School, Wim-bledon, conducted by Arpad Joo. Philip Fowke, plano. Beethoven, Tchaikovsky and Mendelssohn. Barbican Hall (Wed). Philharmonia Orchestra conducted by Carl Davis with Erich Gruenberg. Beethoven, Bernstein and Davis film themes. Barbican Hall (Thur).

#### PARIS

Plocolli Cantori Della Turrita conducted by Eros Deltraminelli: Palestrina, Monteverdi, Mozart, Verdi, Bartok. (Mon 6.30 pm) St-Louis en l'Île

Orchestre Français des Jeunes con-ducted by Jerome Kaltenbach: Xen-akis, Ravel, Bartok (Mon 8.30 pm) Selle Pieyel. Admission free. One Hour With Ravel by David Abramovitz, piano (Tue 8.30 pm) Town Hall of the 5th Arrondisse-

ment.
Christiane Tardieu, soprano. Chiara
Banchini, violin. Françoise Lengelle, harpsichord: Cassanea de
Mondonville sonatas and cantatas:



Beethoven: Presented by the Choir of Kings College School, Wimbledon, conducted by Arpad Joo.

Concert Spirituel (Wed 8.30 pm) Sainte-Chapelle. Cracow's Philharmonic Orchestra and Choir conducted by Tadeusz Struga-la: Szymanowski's overture op. 12,

pm: 14, rue François Miron, Metro Hotel de Ville, tel: 2715700 and Ba-

teaux-Mouches - Port de la Conference, Pont de l'Alma Rive Droite; Metro Alma, tel: 2252255. Choir conducted by Indian Choir conducted by Indian Concerto, Stabat Mater (Thur 8.30 pm) St-Eustache Church.

All these concerts are taking place in the framework of the Festival Estival de Paris, tel: 2715700; CPE Bach De Falla, Bach Brandschurg Concerto No 5 (The 9 pm).

enburg Concerto No 5 (Tue 9 pm). St-Severin Church (6338761).

#### F.T. CROSSWORD PUZZLE No. 5,208 **ACROSS**

ardour and his musical diction

1 Space taken up by one-time holiday accommodation (6) 4 Surprised by sudden movement in front (8)

9 Plant is hard to redeploy (6) 10 The dog is a bounder (8) 11 Particularly confused fellow in New York (6)

12 Pretended to be influenced 13 Mischief-maker involved in libel faces conviction (3)

14 Enthusiastic gunners get set (6) 17 How to dispense with choke? 21 Multiple forecasting by

better American (6)

25 Borderline hesitation (3) 26 What fired Turner? (8) 27 Throws away the bandages

28 Additionally, there's less underneath (8) 29 River always going in two directions (6)

#### DOWN

30 Investing with relish (8)

attempt at chivalry (8) 2 As far as washing goes,

31 How to pin down the princi-

make dirt disperse (44)

5 Warning: cover cancelled 19 Take covering off grave—it's (3-3) quite shallow (4-4)

6 Expensive turn round is 20 Spare one from the cast (8) initiated (6)

7 Unbroken, but limb has a toe cut off the end (6) 8 Make fun of the French hack (6)

12 Ended in confusion (3, 4) 1 Make mistake with an 15 Stop noise coming through crack (3)

kept clean (3) 2 Young bird is settling in 18 First aristocrat seen on site with mes of winners next comfortably (8) compound (8) Saturday.

22 Gently frosted and ready

23 Claims one quarter is hostile (6) 24 Pushes joints? (6)

matter (6) 16 It's inflamed because it's not. The solution to last Saturday's prize puzzle will be published

25 Man takes the lead in this

World value of the pound every Tuesday in the Financial

#### **FINANCIAL TIMES**

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Monday September 5 1983

### An affront to order

shooting down of the South inquiry to establish what Korean airliner in Soviet air- happened, if only to lessen the space last week are likely to be risk of such a disaster occurring with us for a good while yet. again. For the point is that ever, it is worth trying to establish the principles—or rather international agreement to seek lish the principles—or rather international agi lack of them—involved. At the to prevent them.

Air Force had shot down an East European carrier over Alaska. There would have had an international outcry certainly; indeed there has already deservedly been an international outcry over what happened is Soviet airspace. But there would have been one great difference: citizens of the U.S. would have joined in, possibly even have

There would have been another difference, too: the U.S. protestors would have demanded and would have achieved a full inquiry into what took place. Not just the peace movement, but probably a large section of the Congress and of the Admini-stration would have supported

It would be idle to compare Soviet and American societies, and especially their political systems. The Soviet Union just does not work like that and there is a case for saying that it should be left to get on with its internal affairs in its own a foreign civil airliner is not innocent civilians, has a strong an internal matter. If the Soviet Case for going on process on the case for going on process of the case for going on process of the case for going on process of the case for going on process of the case for going on process of the case for going on process of the case for going on process of the case for going on process of the case for going on process of the case for going on the case for going or the case for go Union wishes to participate in an explanation, an inquiry, an international agreements of any kind, it must stand by the rules.

And, of course, the rest of the world will always remember

the present case. On the when it comes to international realistic assumption that the agreements that that is how the Korean Boeing strayed into Soviet airspace by accident, the The prospects for East-West first is that there is an established code for dealing with tarded. It is in the Russians' civil intruders which does not own interests to come clean include shooting them down about what really happened last The second, on the charitable Thursday. Surely a great power assumption that there was some can occasionally manage to

THE CONSEQUENCES of the tions, is that there must be an

very least, it looks like an affront to international order.

One way of looking at the incident is to imagine what of the world will not be known. would have happened if some until President Reagan appears thing similar had taken place in on television later today. For

recent experience, of leading to disputes among allies. Above all, it would be wrong for joined in, possibly even have sanctions to be undertaken led, the protests against the action of their own government's forces.

Author would be wrong to indicate the unilaterally by the United States, not least because it was most an American airliner that was shot down. Other Soviet-U.S. and East-West consultations, such as the arms talks in Geneva and the meeting between Mr Shultz and Mr Gromyko in Madrid, should go on because they are about other issues which will need to be pursued in any case, though they cannot have been facilitated.

> Apology That is not to say that the incident should be in any way forgotten or played down. The Soviet Union has broken all principles of international order. The civilised world, defined as those countries which do not go about shooting

lendable resources.

liquidity problems experienced

done to the banking system

Representatives' version of the IMF. There is also a strong IMF Bill could lead to a major lobby that believes federal and reduction in future U.S. bank state bank regulators have let lending to Less Developed the side down by falling to curb Countries (LDCs). Given that the rapid growth in U.S. bank U.S. banks account for roughly a third of all bank lending to the LDCs over the countries facing debt problems, By last spring it was already and the countries facing debt problems, and the countries facing debt problems, are supposed in their lending to the Administration that

CONGRESS AND THE IMF

### The battle with the banks

By William Hall in New York

"The price of an \$8.4bn increase in IMF authorisation in Congress is going to be legislation so lawmakers can go home and say we didn't bail out the banks—we helped inter-national trade and made sure the banks would not do the same things over again," Sen. Jake Garn, chairman of the Senate Banking Committee, April 1983.

TIME bomb is quietly ticking away underneath A ticking away underneath the international banking community and clues to its whereabouts will not be found in Rio de Janeiro, Buenos Aires or Mexico City, but in Washing-

Over the next few weeks the flerce political debate in the U.S. Congress on the planned increase in the American contribution to the International Monetary Fund (IMF) is likely to come to a head, quite possibly at exactly the same time as the annual meeting of the IMF convenes in the city at the end of the month.

This will be embarrassing for President Reagan who for months has been telling anyone who cared to listen that "no legislation now before Congress iegisiation now before Congress is more important to a healthy world economy." But for congressmen like Tom Daschie from South Dakota, the IMF quota increase is totally unnecessary and only "designed to make sure that some of our good bankers who see in constant to the control of the contro go-go bankers who got in over their heads on shaky loans to foreign countries, would not have to pay for their own mistakes."

Many countries are waiting to see how the U.S. acts on the IMF quota increase before they subscribe their own money, so the well publicised problems the U.S. administration is hav-ing in winning Congressional support are having a "knock-on" effect as other countries. on" effect as other countries delay their quota increases. This could not have come at a worse time for the Fund which is facing a record demand for its resources but is short of landable resources.

However, the short-term

Damage could be

by the IMF could turn out to be relatively unimportant when compared to the damage which could be done to the international banking system if some of the more radical proposals are not deleted from the final

At their most extreme, the be "bailed-out" by the U.S. amendments which have been taxpaper via an increase in the tacked on to the House of American contribution to the any cutback in their lending clear to the Administration that means that other banks would congress would only agree to have to shoulder a proportionately bigger share of the to the Fund if conditions were



managing director.

burden of helping the "super-debtor" countries like Brazil. Mexico and Argentina.

There has never been much love lost between America's big

banks and its politicians, but the strength or opposition to the IMF Bill has nouetheless caught bankers by surprise.

As the debate has progressed opponents of the IMF quota increase have begun picking up

support from some strange allies. Mr Ralph Nader, the consumer advocate, the organ-

ised peace movement, religious

leaders, the anti-South Africa brigade, the U.S. steel industry, the anti-nuclear war lobby have all taken an interest. Some congressmen, meanwhile, have

tabled - as the price of support

#### THE BANKS' MAIN WORRIES

U.S. BANKS' main worry about the House of Representatives' version of the proposed IMF legislation is the severity of the special reserve requirements for problem countries contained in Sect. 404 of HR 2957, otherwise known as the International Recovery and Financial Stability Act.

But for the Administration the amendments which were tacked on to the House version of the Bill are the real night-mare. The most radical are as follows:

Instructions to the U.S. executive director at the IMF: Actively oppose loans to countries practising apartheid, or

Actively oppose loans to countries practising apartneid, or Communist dictatorships (Sec. 304);
Oppose loans which bail out the banks (Sec. 312);
Take into consideration if a borrower from IMF has detonated a nuclear device before recommending IMF loan (Sec. 316);
Withhold U.S. quota increase until salaries of IMF senior management brought down to a maximum of \$67,500 and subsidised housing loans ended (Sec. 323);
Support conversion of debtor countries short term high interest borrowings into long term low interest debt (Sec. 309). Instructions to U.S. banks:

Instructions to U.S. banks:

Banks that have made "excessive" profits from foreign lending must reimburse the U.S. Treasury since U.S. quota increase makes their lending less risky. "Excessive" profits defined as difference between what banks charge domestic Triple A borrower and foreign debtor (Sec. 321);

A bank's loan is considered "excessive" if total outstanding to countries facing rescheduling exceeds a bank's capital. If this is case future lending to these countries to be no more than half the growth rate of its loans to same countries in the 18 months to June 1982 (Sec. 310). On the U.S. steel industry:

● The National Advisory Council to report within a year on impact on U.S. steel industry of steel subsidies in countries borrowing from IMF (Sec 318). On Special Drawing Rights:

U.S. Congress must approve any future creation of SDRs by the IMF. No approval needed currently (Sec 303).

On foreign loan evaluations:

Loans by U.S. banks of more than \$1m for foreign mining, manufacturing and processing projects to be accompanied by an economic feasibility study which assesses creditworthiness without reliance on third party or government guarantees (Sec 409).

attached which, in the words of

one senior congressional staffer, "would stop U.S. banks making

To head off Congressional criticism of allegedly lax inter-

national supervision, U.S. bank-

ing regulators announced a

five-point programme in early

April to strengthen supervisory

practices and avoid excessive

concentrations of credit in foreign countries in future.

The five elements of the regulators' plan are: strengthen-

ing of the existing programme of country risk examination and

evaluation; increased disclosure

of banks' country exposure; new

rules for accounting for fees;

improved co-operation with other international banking regulators and the IMF; and the

rivals in making provisions for

LDC debt. The regulators indi-cated they would like to see an

initial provision against earn-ings of 10 per cent which would

be known as an "allocated transfer risk provision." It

would be separate from the general allowance for loan losses and would not be regarded as part of capital.

The regulators did not specify which countries would be singled out as " reservable " but bank analysts believe that under

fools of themselves again."

Senator Jake Garn, chairman, Senate Banking Committee.

this provision only Zaire, Sudan and Poland would have suffi-ciently protracted loan problems to be included. Since combined very disturbed by the prospect since it means that virtually all the major countries facing re-scheduling currently would be U.S. bank lending to these countries is less than \$2bn, the impact of any special reserves on 1983 earnings would be "reservable." If, for example, the top nine U.S. banks were to make a 10 per cent provision on their \$64bn of loans to the top dozen LDC borrowers this would wipe out their entire profits for a year and decimate their capital base. The second concession the Labrecque, president of Chase Manhattan, described them as "duplicative and punitive" and Mr Peter Read, head of international banking at First National Bank of Boston estimated that if these rules had

bank regulators have made was on the sensitive subject of capital adequacy. For years the 17 so-called "multinational" U.S. banks have been able to maintain lower capital ratios than the rest of the nation's embarrassed banks because it was argued that their loan portfolios were more diversified and hence less

ments, many of which have not the slightest thing to do with the IMF quota increase.

There is a strong feeling among many U.S. politicians that the big U.S. banks and the "super-debtors," have only themselves to blame for their current problems and should not the series of amendation of a system of the introduction of a system of the participated would have undermined the whole deal. The Senate version of the protracted debt servicing among many U.S. politicians that the big U.S. banks and the "super-debtors," have only themselves to blame for their current problems and should not than some of the introduction of a system of the participated would have undermined the whole deal. The Senate version of the IMF bill adopted the regulators' proposals virtually intact, but the House of Representatives decided they needed by the participated would have undermined the whole deal. The Senate version of the introduction of a system of the participated would have undermined the whole deal. The Senate version of the introduction of a system of the participated would have undermined the whole deal. The Senate version of the introduction of a system of the introduction of a system of the whole deal. The Senate version of the introduction of a system of the whole deal.

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The Senate version of the introduction of the introduction of a system of the introduction of a system of the introduction of a system of the introduction of a system of the introduction of the introd However, Congress is not happy about this and the preliminary version of the Senate banking committee's Bill included a clause calling on The last item is the one that but the House of Representa- included a clause calling on has really upset the bankers, tives decided they needed bank regulators to establish many of whom have been slower than some of their European the area of special reserves. capital adequacy in order to the area of special reserves. capital adequacy in order to Consequently, they inserted a ensure that "larger banks are key paragraph in their version adequately capitalised."
of the legislation which says In early June U.S. In early June U.S. bank regulators capitulated to Con-

that special uniform reserves should be set up "where there gressional pressure and issued is a substantial likelihood that new capital adequacy guide-such debt cannot reasonably be lines which took effect immeexpected to be repaid in accord-diately. The privileged status ance with its original terms and of the 17 multinational banks conditions without additional was abolished and for the first agreed to support the quota time in their lives they were

players in international bank-ing. Bank of America, Citicorp and Chase Manhattan were all found to have capital ratios below the minimum and have been politely told to rectify been politely told to rectly this before the year is out.

The Senate version of the IMF funding Bill, S 695, is based very much on the suggestions of the bank regulators and is far and away the mildest of the two Bills now before Congress. It was approved by the full Senate on June 8 by a majority of 55 to 43 This a majority of 55 to 43. This may seem a healthy majority, but more than twice as many Democrats (the minority party in the Senate) voted for the Bill as Republicans, the majority of whom voted against

The Administration could still face problems in the Senate with the IMF Bill. But the main obstacle is in the Democratic controlled House. Its version of the Bill, HR 2957, scraped through on August 3 by a majority of 217 to 211 but only after dozens of amendonly after duzens of amend-ments had been attached to the proposed legislation. In its present form (see panel), it is totally unacceptable and it will be up to the conference of the Senate and House to try

President Reagan is not in a strong position to dictate terms. The Democrats argue that, because they have already "bailed out" the Administration, they are owed a few favours. One of these is support for a housing Bill which is stuck in the Senate. in the Senate. The housing package is the pet project of Representative Fernand St Germain, Chairman of the House Banking Committee, who has been pushing hard for the IMF Bill. He is threatening to block it in the Senate-House conference until the senate agrees to his housing package.
But this is by no means the Administration's only problem. Some of its more conservative supporters have launched a vicious attack on Democratic supporters of the IMF Bill who tried to block the insertion of a clause instructing the IMF to stop lending to Communist

#### Regulations which several big banks

dictatorships. These Democrats have been accused of "support-ing communism" in press releases distributed by the National Republican Congressional Committee, the Republican Party's official organising body for the congressional

Representative Tony Coelho. a Californian, believes that this "vicious, nasty, mean" campaign could "doom" the IMF funding when Congress votes. The IMF legislation is therefore in deep trouble on Capitol Hill. The Administration may now be wishing it had never increase in the first place, but The House Banking Committee stresses that the regulators will still have considerable discretion, but U.S. bankers are

### TUC in search of a role

BRITAIN'S unions will spend this week in Congress at Blackpool attempting to accommodate themselves to reality. The indi- lamos in South Wales, they cations are that they will go must come as close to acceptsome distance along that way; ing a ban on strikes as you they will recognise the British can in a free society. Few new government and agree to formal companies now feel themselves government and agree to formal talks with Mr Norman Tebbit: they will adopt a more realistic style of national level bargain- many have found themselves ing, asking for the moon in bits, able to avoid it entirely. rather than all at once; they will distance themselves from the Labour Party under a smokethey will try once more to make their own organisation and bargaining procedures more effec-

Agreeing these modest re-forms will be a hard fight; the strategy of keeping the powder dry for a better battlefield holds many attractions, not just for left-wingers. But, assuming they will be passed, will the changes

The structure of industry is rapidly becoming less and less advantageous to traditional—some would say, to any—forms of trade unionism. The industrial armies in large plants, relatively easy to organise and to discipline, are being chaved down (where they being shaved down (where they are not being closed down) as companies contract out more and more service and even manufacturing functions to small companies. The older heartland indus-

tries of engineering, shipbuild-ing, mining, steel and docks continue to reduce their work forces, while others, like printing, are transforming them-selves through technical change. In many of these sectors, traditional union practices have damaged competi-tivity and contributed to decline: where that has been allied to management incompetence, the result has often been fatal.

#### Indifference

Class-based trade unionism no longer has the industrial underpinning and moral force it once exerted: its high water. mark was in the 1970s and that was a freak tide. It created an oppositionist class of managers who accustomed themselves to a war of attrition, emerging from the trenches only to lob grenade at the other lot when

ney weren't looking.
The growth areas of employment are in small and technically advanced sectors where trade unlonism has to fight to cling to its tail. In short, they establish itself, not so much management hostility— otherwise, their dwindling will amplamented.

workforce indifference. Where they do manage to organise, as the electricians' union has, at obliged to pay much attention to union representation and

Soviet Union tends to behave.

the fear induced by unemploy-ment and further steadied by successive pieces of legislation to which there is presently no end in sight—the Prime Minister has spoken of an industrial relations bill every other year while she remains in power. As important as these factors has proportion of manual workers in the labour force and the growth of functions which are managerial. supervisiory or technical. In many companies, the management is not readily identifiable; it

#### Balance

So what are unions for in the 80s and 90s? They will not disappear, nor should they. There is ample evidence in Western Europe that workers in the un-organised, low-paid, semi-clandestine industries which still flourish would benefit from unions which help to enforce decent working conditions and health and safety requirements, and bargain for better than breadline wages. There is even more powerful evidence from more powerful evidence from Eastern Europe that, where unions are reduced to state transmission belts, the natural response is to fight for independent dent unions as a prelude to full

democracy.

They will have to change. They must do much more than talk to Mr Tebbit, which is neither here nor there if the talk is sterile. They must bring into their routine deliberations long-term economic calculation and balance these, in a much more conscious and responsible way than they have done in the past, with short-term demands. They will be required to serve a much more disparate membership much more sensitively and that will mean the kind of democratic precedure which the democratic procedure which the members themselves appear to want and which Mr Tebbit is anxious to give them. They will have to put themselves at the head of technical change, not

Management's hand has, of

didly named Sir Crispin Charles Cervantes Tickell, is leaving after only two years in the post. the word is that he will get a deputy under secretary's desk at the Foreign Office.

British business community. A measure of his success is that he was knighted in February when the Queen paid an official visit to Mexico. A knighthood is usually only automatic when the Queen pays a State visit.

Our man in Mexico, the splen-

wearing something different. Tickell replied that he wore a light suit in order to be like

the Pope. However, the ambassador took when he gave a dinner last month for Mrs Thatcher's political guru Sir Alfred Sherman, who is no great lover of the Foreign Office and the diplomats. only there in his capacity as a scribe for the Daily Telegraph and to give a university lecture,

out and the prickly Sherman treated as if he were a minister. Tickell's behaviour may be

Men & Matters

Tickell is being diplomatically discreet about his next job, but Clamp down to turn a profit.

Tickell has got on extra-ordinarily well with both the Mexican Government and the

His dinner parties will be sorely missed. The ambassador always requested his male dinner guests to wear a dark suit, while he was generally attired in a light suit. Recently he hosted a dinner for a colleague. an old friend from their days together in Paris. The colleague, unaware of this eccentricity jokingly took Tickell to task for

great care to wear a dark suit the wetness of Tickell was on his best behaviour during Sherman's visit, although he was

not on behalf of the Prime Minister. Still, the red carpet was run

Jenkins was President of the Japanese circus tour with for the past decade, have stuck ended by the currently parked outside a local that the currently park

In every exigency, it seems, there is an entrepreneur ready

When the Metropolitan Police began clamping the wheels of illegally-parked cars in Central London this year, Michael Green, estate agent and onetime shopowner, scented a business opportunity.

Green got his own car clamped for the experience, spent a few weeks investigating the legal formalities involved, and then formalities car Clamp Recognitions. Clamp Recovery Club.

For an annual subscription of £25 - special rates for corporate fleets — Green takes the humiliation and frustration out of finding your car immovable.
One quick phone call and his
drivers collect you car keys
and cheque for the fine, pay
the penalty, and deliver your

With around 500 cars a week being clamped in Central London, Green reckons business could be good — and is ready to expand when the police in other parts of the country begin clamping as well. New Scotland Yard also seems to like the idea. "It saves them a lot of time and trouble as well," says Green.

#### Camel corps

Hong Kong's Gurkhas are set to sign on an unlikely recruit— a twin-humped camel from

lions and a bear. The heroes of the hour, saving this particular ship of the desert from an uncomfortable dry dock, are the First/ Seventh Gurkha Regiment who, according to an army spokesman, have taken pity on the animal and want to transport it from the concrete streets of Kowloon to the grass fields of the New Territories. If all goes well, the camel will end up at Cassino Lines army camp on the road to the rural town

of Sheung Shui. The army offer is now in the hands of Hong Kong's RSPCA, which has taken temporary custody of the camel. The Gurkhas want to make sure that, if the camel seems un-happy with army life, then the RSPCA will find a more suitable home. Assuming, how-ever, that a regime of rations and reveille doesn't give the new recruit the hump, Hong Kong's Gurkhas should have a highly distinctive new mascot.

#### Banker bet

"We at obviously having earnings problems, lugging \$2bn of non-performing loans around, but that will come right," says David Taylor, 54, who has just been elevated to vice-chairman at Continental Illinois, and now looks a likely bet to succeed Roger Anderson as chairman and chief executive.

Ever since Chicago-based CI fell on its face over the failed Penn Square Bank, there has been speculation about changes at the top.

But while heads have rolled explained by the fact that before Japan. The ill-starred animal lower down the organisation, coming to Mexico he was Roy has been stranded in Hong Anderson, and president John Jenkins' chef de cabinet when Kong by the collapse of the Perkins, who have run the bank

borrowing or restructuring."

Nevertheless, there was an outcry from the banks. Mr Tom

mated that if these rules had been in effect when the Mexican

rescue package was put together earlier this year, more than one fifth of the 575 American banks

With an obvious eye to the eventual succession, however, Taylor now joins them on the board — together with Ed Bottum, aged 50, who has more international experience than Taylor and will take over the general banking operations. Announcement of the appoint

the resignation of Gail Melick, 55-year-old head of CI's backoffice, who ranked on a par with Taylor. So the way now appears open for Taylor and Bottum to take over as chairman and president respectively when the present

ments was quickly followed by

incumbents go. The two men have been friends for years. "We have reorganised the bank 25 times in our tenure here," jokes Taylor—and one of his jobs now will be to take a "good hard look at the organisation and the ways we can improve our delivery systems."

Taylor admits that the group's credibility has been hurt by the Penn Square debacle but insists that it has not lost its market share and still enjoys a lot of goodwill in the market place from loyal

But the scars will show for some time. Its balance sheet has shrunk by 12 per cent in

#### Chop logic

corporate customers.

Life magazine says that a deve-loper is somebody who wants to build a cabin in the woods; an who already has a cabin there.

Observer



When you visit a Thistle Hotel, the plush furnishing ant finish at the lift. Unlike Ena's Lodging House and other similar, less

tigious establishments we could name. But then Thistle is one of the largest hotel groups in the country with thirty-nine three and four star hotels, located throughout the IIK

You'll also find a comprehensive range of Business Services, including Trumpcard, ConferencePlan and Corporate Rates, each designed to make business more rewarding. So when you want to park your pinstripes somewhe comfortable, a Thistle should always come to mind. Thistle Hotels Information and Reservations Centre. Tel: 01-937 8033.

THISTLE HOTELS An end to the prickly welcome. THE ELECTRONICS INDUSTRY

### 'You've got to spend money'

By Joan Gray

communications will be carried about the problems of staying about United Engineering Industries, has his way.

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and rubiting the 臣 genden, to Care

entry sewers and you can cable up the winde City through them."

Control of the state of the control This slightly bizarre project This slightly bizarre project is the latest venture of a man who has already made a small fortune out of a series of devices which have zerolutionised television pictures all around the world. He cannot quite remember but he thinks he made "around £30m" when his two companies were bought by UEI two years ago.

Now he is hard at work again at the head of a group of Cable-

et the head of a group of Cable-time companies set up to get UEI into the grounising—it risky—business of cable TV. Six of the 30 or so consortia bidding for cable licences plan to use his system if they get their franchises when the Government swards them in November.

Mr Michael hit upon the idea of using sewers to carry cables as a solution to one of the biggest—and most expensive— problems in the business: how to avoid digging up every road, kerb, verge, path and pavement in Britain to get the cables to

Despite the hilarity, and scepticism that the idea of combining cables and sewers can induce, it has obvious advantages. Sewers go to 95 per cent of all homes and virtually all urban buildings; they are laid out in a pattern suitable for a cable TV network; and they have manholes which provide regular access points and sites for cable connections and

notilary equipment.

Now 45, Mr. Michael is darkhaired, dapper, and bursting tants, backed by a £20,000 loan with all the bounce of the sucfrom the Midland Bank with

"The only hope for employment is new technology, where research and development can "It's the most fascinating uncover new things to be done," thing," he says. "Underneath he says. "To do that you've the City of London are manget to spend money on R & D.

ne says. "To to that you've got to spend money on R & D, and we will spend it."

He works from an ostentationally-uphoistered, antique-furnished office suite in a half-timbered house by the Kennett and Avon causi, surrounded by all the trappings of success—including a heliconter to fly him home.

What started him on his entrepreneurial career? "I didn't have to work at any point as I could have had a very confortable existence without ever turning by hand to the plough," he replies. His father was chairman of Stanley Gibbons, the stamp company. "I was interested in business. Women is a hollow thing but the didn't have to work at any point Money is a hollow thing but the successes and failures of busi-ness are fascinating to watch." At university, to raise the money to buy a car, he designed and sold radio tuner kits. " Even though my father was wealthy he didn't believe in giving his offspring wealth and luxurles," he explained. "He wanted us to work for them ourselves."

After leaving university, he joined Smiths Industries. "Like most men I liked cars, so I went to work as an electronic factoignition systems to autopilots."
Two years later, in 1963, he joined Plessey, where he soutted the opening for the product that made his first fortune: a converter that translated the digital signals of computer language into the ambigue signals of the real world.
Plessey decided not to exploit

th all the bounce of the suc-from the Midland Bank with ssful whizekid. He joined his house as security. cessful whatz-kid. He jorden his house as security.

UEI—a publicly quoted company—in 1981, when the group bought Microconsultants and Quantel, his two electronics display developed from the first Blue Streak companies.

With a turnover of £59,hm body scanner to Plessey's radar last year, up from £30,5m in used our device because there was nothing else," he explains £9,4m, up from £4,2m, UEI is already a successful company—to analogue converter stayed a



This is the first in an occasional series.

years — but the real break-through came when Mr Michael and Richard Taylor, an engineer who had joined him, hit upon the most glamorous application of the technique—for manipulating video signals.

"Millions of dollars had been

poured into this problem, but had produced only crude equip-ment" he says, "and we hit the jackpot with our version." Quantel, the company he set up to exploit it, became internationally known in 1976.
In the face of competition from Japan's NEC, it won the contract to provide broadcast equipment for the Montreal Olympics. Quantel's system

shot of the crowd in the same frame. Revolutionary at the time, the technique is commonan place now. It was the first of a string of

Quantel special effects equip-ment for the TV industry into larger shots, explode pictures, fold pictures round globes or cones, put talking faces on floating pages . . . all the techniques which can make the news look like a video game and which have made "the Quantet" as well known in the

TV industry as "the Hoover'

tively wanted to use our equip- their sewer renovation pro ment and was truly inter- gramme underway. He claims national with no reservations that the joint venture with

Mr David Moulds, chairman of UEL was responsible for organising the merger with Mr Michael's companies two years ago. He says he wanted Mr pards and Chase, the stock-Michael for two things: for his skill in creating successful electronics companies (Quantel and Microconsultant earning profits of £3.5m at the time of the merger, compared to UEI's profit of \$\(\frac{\pmath{\text{fin}}}{\text{and}}\) and to help UEI increase its help UEI incr electronics interests.

The Cabletime ventures are the first new companies founded by UEI, which has so far grown by buying existing entrepreneurial businesses.

UEI has set up three com-panies to cover all aspects of the cable TV business: Cabletime Fibre, a joint venture with the U.S. company Times Fiber Communications, to manufacture TFC's sophisticated cable TV systems; Cabletime Systems, which will market complete installations

WRC is developing controlled robots already used to clean, rebore the cables

Though Mr Michael and the WRC engineers are confident there is some concern in the rest of the cable TV industry about the problems of block-ages, and about the difficulties of installing electronic equipment in such a hostile

environment.

Mr Michael is well aware of these objections—and indeed, Cabletime's card last Christmas showed a maintenance engineer popping his head out of a man-hole saying "Sorry Madam, BBC 1 is blocked, I'm afraid it's a job for Dyno-rod."

about buying from other TFC has provided one of the most sophisticated cable TV systems available.

brokers. She emphasises the importance of the link with TFC—whose system has already been used for 20 cable TV in-stallations in the U.S.—and points out that "providers of hardware will be the first to benefit from the cable TV

But Mr Michael is emphatic he is not just aiming for the domestic cable TV market, but to provide a network for busi-

"We would be able to fill a gap in the market for high speed data communications which is not being properly met by either British Telecom or Mermunications network owned by Cable & Wireless, BP, and Bar-clays Bank, which will lay com-munications cables in ducts to franchise holders; and Cabletime Installations, a joint venture with the Water Research Council, set up to exploit the possibility of putting TV cables down then the logical thing for them to do would be to come to British Telecom or to us to expand their network further,"

He emphasises his approach is not to compete with Mercury but to work with the company, and further announcements about Cabletime's negotiations with Mercury are expected in the next few months.

Mr Michael has ridden high on technology so far and, like all high-fliers, could have a very nasty fall if his products were superseded or his technology overtaken by the competition. Hence his emphasis on heavy spending on research and As Richard Taylor, now man-

aging director of Quantel, puts it: "The whole enterprise is enormously profitable, but you

#### Lombard

### The law of one interest rate

By Samuel Brittan

plifications of international economic theory is the "law of one price." This states that prices cannot differ signifi-cantly in different parts of the world after allowing for factors such as transport costs and developments. This is because tariffs. The price of a specified a general interest rate subsidy product must be more or less the same after these allowances in Los Angeles, Brisbane, or Wilrzburg; otherwise it would pay people to ship goods around the world in a proces of arbi-

trage until the law is fulfilled.

Although the law is difficult to establish statistically, outside the organised commodity markets, because of the diffi-culty of allowing for consumer goodwill or non-tariff barriers, ti does point in the right direction. It explains for instance why devaluation is likely to be eroded more quickly than statistical inspection of the import contents. tion of the import cost components of domestic expenditure would suggest.

One particularly illuminating aspect of the law, which has not yet received full recognition, is the special case which might be called the "law of one in-terest rate." Attention has been drawn to it in the UK by the suggestion that part of the recent rise in consumer spending has been financed by taking out home mortgages, which have then been diverted

to spending in the shops. Whether out of political paternalism, or fear of the home buyer's vote, the British Government subsidises mort-gage borrowing by exempting interest on it from tax. The result is that a basic rate tax payer has an effective interest rate cost nearer 7.8 per cent than the official 11.25 per cent. As a result of the Prime Minister's personal intervention the upper limit for this conces-sion was extended from £25,000 to £30,000 in the last Budget, thus releasing a whole new

Politicians may want separate

could be diverted to alternative

ONE of the illuminating slm- rowers tends to converge to-Unfortunately, that is by no means the end of the affair. For a large part of the apparent gain to all personal borrowers is lost by subsequent market stimulates borrowing. There is no comparable concession to savers or suppliers of funds. Unless the supply curve of loanable funds is completely flat, the effect of the increase in demand for funds is therefore to raise interest rates gross of

> of the concession. The result is that the interest rates required to achieve the official monetary objectives (however broadly interpreted) are raised. Or to put the matter in longer-term perspective, the demand for funds to borrow has been artificially stimulated. The price of loans, i.e. the interest rate, rises, and there is nothing the Governor of the Bank of England can do about

Rosmowing costs for industry are therefore higher than they otherwise would be; so is the real exchange rate for sterling, Investment and net exports are less; household spending increased and the stock domestic and oversens capital assets reduced, compared with what would happen without personal interest rate subsidies,

These effects are even more apparent in the U.S. where tax write-offs for borrowers are even more extensive and where so-called high real interest rates are largely a political myth. But these distortions, which tend to crowd out longterm international investment, are present in Britain and other countries 100. These longer-term effects,

which were presumably far from Mrs Thatcher's mind when she put pressure on the Treasury last March, are a good example of her mentor, Friedrich Hayek's, distinction between the results of human action and those of human intention; or of Milron Fried-man's distinction between the immediate and longer-term impact of government inter-Quantel, his two electronics from the first Blue Streak contract to provide broadcast or "the Biro."

There are 2,000 broadcast or the explains. Outputs, or the world of government interpolate and longer-term or the simulator to the EMI operation. There are 2,000 broadcast or the Biro."

There are 2,000 broadcast or the Biro."

There are 2,000 broadcast or the Montreal or the Mon

#### Letters to the Editor

#### Proper allowance for depreciation on buildings

More difficult to swat a swarm

From the National Chairman,

National Federation of Self-Employed and Small Businesses

(Dr) Bernard Juby, 32 St Annes Road West, Lytham St Annes, Lancs.

### Employed and Small Businesses Sir. — Anent the article (Angust 22) suggesting that a consultative committee of business interests should influence the level of rates I must say that this is rather "old hat." With the proposed threat of a West Midlands County Council anguage Using the right rate precept in the order of 40 per cent, the West Midlands From Caroline Baker

At per cent, the West Midlands
Ratepayers' Federation (which
represents both business and
domestic ratepayers' interests)
together with the National
represents the sole-trader and
similar personally-owned similar personally-owned businesses)
sought urgent discussions with the county council. As a result of this the cil. As a result of this the process of selecting a supplier.

If this process can happen in the West Midlands then it can happen elsewhere and is surely better than creating a single better than creating a single and better than creating a single better than creating a single of the end-user is threefold; from a prac-The reason: failure to provide Predictably documentation and technical

happen elsewhere and is surely better than creating a single negotiating body, albeit on a local basis.

There is a very real danger at present of the various rational bodies, who represent various elements of businesses, being swept up into a single body. This may be beneficial to government—after all one wasp is easier to swat than a whole swarm—but should be discouraged in the interests of literature in French.

The problem posed to the enducer is threefold: from a practical point of view the information frequently needs to be studied by people at different levels of responsibility who do not necessarily understand Engulish well enough to be able to read the data provided; there is often a psychological resistance wasp is easier to swat than a whole swarm—but should be french companies) to the impli-

From Mr D. Lewis

Six.—The inability of companies or individuals to make proper allowance for depreciation on buildings in the eccessity for an allowance for depreciation on buildings in the eccessity for an allowance for depreciation notwithstanding that there has been no with the decline in the rate of inflation and the levelling out of property values. Allowance for expectation norelief. Income has not been received from the asset of property values. Allowance for expectation norelief. Income has not machinery where it is recognised that there is a fluite useful like and montes need to be set aside in order adequately to replace the asset. There is no basic distinction in the United States.

There is allowance for depreciation norelief. Income has not constant to the united plus buildings but the increase in proporty on the one hand, and machinery on th freedom. The Institute of cation that technical competence Directors' proposals, if implemented, could be the thin end of this particular wedge if we are not careful!

(Dr) Bernard Juby,

(Dr) Bernard Juby,

cation that technical competence huge returns of future paner money may keep prices within bounds for the moment at the correct economic patriotism' growing escalating unemployment, but it in the current economic climate day of judgment. Apres ca let in the current economic climate of the carnot indefinitely delay the carnot indefinitely delay the carnot indefinitely delay the day of judgment. Apres ca le deluge.

(Dr) Geoffrey Myddelton.

Blue Moon,

1887 Glutières-sur-Ollon,

Why appoint a French agent and why employ French repre-sentatives, if the documentation

the reason for this apparent lack of flexibility on the part of both English and American exporters. Caroline Baker, Management Marketing and

21 rue de la Baume,

#### Scarcity of

Voud, Switzerland.

#### they supply is not in the French Fourpence a therm language? I should be interested to know gas levy

From the Director of Finance,

British Gas Corporation. Sir,—Although I disagree with many of the opinions expressed in the Lex column of August 30 about British Gas, I am writing solely to correct a

The gas levy is not "arrived at through negotiations" between British Gas and the Government. The levy on purchases of gas from fields not subject to petroleum revenue tax was established by Parliament in the Gas Levy Act 1981 The rate of the levy, at present 4p per therm, is also set by

cost imposed on British Gas, not a mutually agreed payment to the Treasury out of profits. N. Blacker. Rivermill House. 152 Grosvenor Road, SW1.

It is an additional operating

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### **FINANCIAL TIMES**

Monday September 5 1983



Terry Byland on Wall Street

#### Renewed lustre for steel

LAST WEEK brought a significant, if somewhat selective, revival of interest in steel stocks on Wall Street. The upturn, which took some of the most favoured stock to within a dollar or two of their 12-month highs, indicated a change of view by investors, who pulled out of the steel sector at the beginning of the summer. Buyers last week appeared to be

responding to good news from the U.S. motor industry which itself provided one of the strongest features of the stock market. Market interest was further stimulated by recent reviews of the steel

industry by major brokerage Oppenheimer, the Wall Street securities house which publishes for clients a weekly steel order index, reported in the middle of August that average order rate. measured against capacity at the seven major producers, had surged back

up to levels not seen since March, when the recovery in U.S. industry was first catching fire. The Oppenheimer index has been rising steadily since the first week of July and the firm now expects to see the industry order rate at around 70 per cent of capacity by the end of this month. This rate, regarded as the level at which produc-

tion becomes convincingly profi-table for the major steelmakers, was last recorded in mid-February. Buyers withdrew from the steel share sector in June when Oppenheimer and others took the view that stock prices were discounting prospects for the near term. The withdrawal of investors also reflected disappointing order trends fol-lowing the labour settlement in

One of last week's best perform ers was National Steel which moved up from \$25% to \$27% and now stands nearly 98 per cent above the 12-month low point - one of the best recovery rates in the sec-

National has virtually completed arrangements to sell off its Weirton plant in West Virginia to the work-

National's major attraction is its strong position as supplier to the Detroit carmakers. This strength, which will be the sounder for the sale of Weirton, which makes tinplate for the canning industry which faces competition from plastics, lay behind National's decision to stand out against a 7 per cent price increase by five of the other strip steel, which is sold to the mo-

tor industry.
National produces only sheet and tinplate and is believed to be running its mills - excluding Weirton at more than 80 per cent of capacity. It was the only major producer to manage a small operating profit in the second quarter. While it would obviously benefit from higher prices, it would probably prefer to increase its sales to the U.S. mo-

tor industry. In any event, higher steel prices are something of a fiction at pres ent since major customers are able to negotiate substantial discounts and the motor industry works on long-term fixed-price contracts.

Oppenheimer continues to recom-mend National Steel shares even when advising clients to leave the rest of the sector alone, and now edicts that National's 1982 loss of \$24.77 a share could be reduced to \$3.00 a share this year and turned into a profit of \$4.00 a share in 1984.

Another strong feature last week was inland Steel, a low-cost produc-er which sells about one-third of output to the transport industry. Inland disappointed Wall Street with its results for the second quarter but strengthened its position as a supplier to General Motors at GM's last auction for steel supplies. High-er prices were good news for Inland which was finding it hard to increase volume sales

A further impetus for the Inland dation from Paine Webber Mitchell Hutchins' steel dynamics unit. which argues that there will be a world steel shortage within three years as rapidly recovering demand atches the industry short of capaci-

On this basis, the Paine Webber unit sees Inland as a strong buy be-cause it has a substantial cost advantage over its competitors which would boost earnings sharply if a world shortage pushed prices high-er. Paine Webber sees an earnings potential of \$19 a share at Inland, to measured against the loss of

\$5.60 a share turned in last year. But predictions of a world steel shortage were evidently not suffi-ciently convincing to bring buyers in for the rest of the steel sector. U.S. Steel. Bethlehem Steel and LTV, in that order the three largest companies, were largely left out of

last week's buying spree.

The reason for their lacklustre performance is not hard to find. U.S. Steel's present preoccupation with the Marathon division puts it in a special category.

BANKRUPT U.S. AIRLINE GETS A FRESH START

### Braniff cleared for take-off

"EVERYTHING has failed. It would been through the bankruptcy be a miracle if Braniff flies again, courts, it has been forced to shed concluded Mr Howard Putnam, the chairman of Braniff, when a deal to get the U.S. airline flying again fell to pieces last March.

But miracles sometimes happen. even in the depressed airline business, and following last week's U.S. Bankruptcy Court approval of Braniff reorganisation plan, there is a very good chance that a much slimmed down version of the colourful Braniff fleet will be taking to the skies again in the new year.

When Braniff went out of business on May 12 last year, it was imploying 9,300 staff and operating more than 60 jets. The new Braniff will operate 30 of its old fleet of Boeing 727s which have been lying idle at Love Field, Dallas, for the people. Compared with its former rivals like American Airlines, which employs 35,000 staff and has a fleet of some 250 jets, Braniff will be a

Nevertheless, its rebirth is being watched with some trepidation by other airlines which are facing serious financial pressures themselves because of overcapacity on many U.S. routes and price cutting. The last thing they want is extra capacity being brought out of mothballs – Braniff's most immediate problem is on its own door step at Dalespecially if it is going to aim at the las-Fort Worth Airport. Before it most profitable segment of the mar-ket, the business traveler.

surplus staff and its costs have been reduced substantially. The unions have agreed to accept lower wage rates and more flexible work practices and it is thought this alone could give Braniff a cost advantage of roughly a third over the

That said, no one is playing down the magnitude of the task facing Braniff. The disclosure statement sent to the 80,000 creditors pulls no punches in outlining the risks involved in the new venture. "There has never been an air carrier that started an airline operation with as many as 30 aircraft, and there has never been an air carrier that has resumed an airline operation with as many as 30 aircraft following a isation under the Bankrupt-

The highly competitive nature of the business, the prevailing low levels of profitability, limited access to capital, potential difficulties in acquiring the necessary flight "slots" into airports and the impact of government plans to reduce flights into certain congested air-ports, are just some of the "substan-tial risks" the new Braniff faces.

went out of business it ranked on a

carried just over a third each of the of getting involved but for various airport's traffic and were able to demand equal treatment. But in the interim American Airlines' share has risen to nearly two third, followed by Delta with about a fifth. Braniff will have to start at the

bottom again and battle for market share along with several other small airlines which do not have the national marketing muscle and advantages of major trunk carriers like American, United or Delta. In addition, Braniff's top manage-

ment them needs sirengthening, following the decision of Mr Put-nam and Mr Phil Guthrie, the two top executives, to quit last June. Finally, Braniff also has to repair the damage done to its reputation inthe market by its abrupt decision to stop flying last year, which left many customers stranded or holding worthless tickets.

Despite these obstacles. Braniff's creditors, who together are owed more than \$1bn, believe that attempting to get the airline airborne again is a better bet than liquidating the assets.

In doing so they are relying heav ily on one man, 60 year-old Mr Jay Pritzker, whose family-owned Hyatt Corporation came to Braniff's rescue last March. Before Mr Pritzker came on the scene Braniff had been talking to virtually anyone

The Pritzker family is one of the wealthiest and most secretive in the U.S. It is best known for its ownership of the Hyatt Hotel group which runs 72 hotels in the U.S. and more abroad. But the family also owns the Marmon group, based in Chicago, which employs 17,000 people in various manufacturing activities with combined sales of several billi-

Mr Jay Pritzker, chairman of the Hyatt Corporation, has a reputation as a shrewd investor in recovery situations and also a tough bargainer. Several times during the spring it looked as if Hyatt would walk away from Braniff because it could not get acceptable terms for its support.

In the event industry analysts believe that Mr Pritzker, whose airline experience is restricted to having been a member of the board of Continental Airlines, has struck a tough deal. Hyatt will own 80 per cent of Braniff in return for investing around \$20m cash and securing loan commitments of \$50m so that Braniff will have at least \$70m cash on hand when it resumes flying.

Braniff's secured creditors will own the majority of the company's assets, including all the aircraft. who cared to listen about its plans These will be leased to the new airket, the business traveler.

par with American Airlines in the
The new Braniff starts with some
advantages over its rivals. Having

the business traveler.

par with American Airlines in the
to fly again. Pan American, American Airlines and Pacific Southwest per month for the first two years
advantages over its rivals. Having

through the airport. Both airlines

Airlines had all toyed with the idea rising to \$110,000 after five years.

#### U.S. rules out major trade sanctions

Continued from Page 1 authorisation to follow what were likely to be standing orders to shoot

down intruding aircraft.

U.S. officials said that they could still not be absolutely certain that the Soviet fighter knew it was firing at a commercial airliner, although it certainly did so immediately after-

Mr Shultz also contests the Soviet allegation that the fighter fired warning shots. The pilot of a Ko rean airliner that strayed into Soviet airspace in 1978 said yesterday that no warning shots were fired before a Soviet fighter fired directly at his aircraft. Two passengers were killed. There is as yet no clear answer as

to why the Korean airliner was so. far off course - it is said in Washington to have been as much as 500km off its flight path. Some in-telligence officials said that the pilot might simply have been taking a short cut, as the aircraft appeared to have been flying the most direct course from Anchorage, Alaska, to Seoul, its destination. The majority of intelligence ana

lysts, however, believe that the pilot was unaware that he was in Soviet airspace, possibly because of a faulty computer programme. If the programme was faulty, the aircraft's navigational computer could have shown the pilot that he was on the correct course, they said. The U.S. Administration's "mea-

sured" response to the incident is certain to be attacked by rightwingers in Washington, who are demanding a much tougher response New restrictions on Soviet com-

nercial aviation will not have much effect in the U.S., where Aeroflot has been banned from landing on regular flights since 1982, in retaliation for the military crackdown in Poland. No U.S. airliners fly direct-The Administration is, however

apparently hoping that a wider in-ternational boycott of Soviet commercial aviation can be mobilised perhaps for a period of 60 to 90

AP reports from Moscow - Th Soviet anti-aircraft defence chief said yesterday that a fighter pilot waved his aircraft's wings, blinked the lights and tried to make radio contact with the missing South Korean plane before he fired warning hots near the aircraft.

Col Gen Semyon Romanov, who gave the most detailed Soviet account yet of the encounter over the Soviet Far East, said the pilot thought the plane looked like a U.S. ntelligence aircraft

Romanov said the pilot was following rules that allow interceptors

to fire "issued weapons" parallel to the course of an intrude: His account, published by the official Tass news agency, still did not address itself to U.S. charges that the fighter pilot fired a heat-seek-ing missile.

Anthony Robinson writes from London: Britain believes that the ball is now firmly in the Soviet court, and that one of the factors which the Soviet Union is being pressed to reveal is the exact na ture of the chain of command and THE LEX COLUMN

### Sideways shuffle on Wall Street

South Korean airliner crisis, which they last week judged to hold no obvious economic dangers – quite the in the month then sharply altered view, while allowing for some reverse, with the U.S. airline stocks perceptions of its intentions and the monetisation, think higher rates outperforming all other groups on long bond has already scuttled back will share rather more of the bur-Thursday on the basis of who to 12 per cent despite two Fed inter- den - hence a strong dollar - notknows what hard-nosed considerations. The 1960 U-2 incident - that in the meantime. other notorious occasion when the Soviet Union shot down an intruder into its airspace, albeit of a very different kind - dropped into history leaving scarcely a flicker on the New York Stock Exchange indices.

The Dow Jones Industrial Average on Thursday did slip eight day-to-Friday basis, drawing the oc-points in half an hour after the casional scathing commentary, the changed world on Wall Street, where trading volume during the cate something at least as impor-U-2 week only once exceeded 3m tant for the long run as details shares and now reaches 80m on an about the real economy. The econoaverage sort of day. More to the point, last week's market showed no real sign of anxiety beyond a simple reason and it is flurry of support for the defence Federal budget deficit. stocks on Friday, just as in May The enormity of the

The crisis in the Far East might indeed have had a calming effect, insofar as it helped distract attention from President Reagan's despatch of another sizeable body of Marines in the direction of Lebanon. But distracting the markets' attentions from what is happening in Beirut is one thing, averting their eyes from the monetary growth fig-ures quite another. By Friday afternoon it was back to business as usual and another breathless hush for the latest Federal Reserve pro-

Nothing on offer from the macroeconomic statisticians can hold a candle to the money supply data. This was even true for the month of July, when the broader signals had something interesting to say about the U.S. economy's growth rate, which is evidently slowing appreciably from the second quarter's revised 9.2 per cent annualised rate.

The impact of the monetary data only grows, it seems, as the implications of Federal Reserve policy in the marketplace become more am-bivalent. The yield on the govern-

The bond markets at least have been obsessed with monetary data for much of the last decade, a contagion which has now spread to the equity and exchange markets. While some of the knee-jerk reactions can appear perverse on a Fripoints in half an hour after the casional scathing commentary, the news; but that is a measure of the market has stubbornly clung to its gut feeling that these statistics indimy is booming. But inflation and interest rates remain the key for one simple reason and it is called the

> The enormity of the problem posed by having to fund govern-ment deficits in excess of \$200bn this year and next has not diminished in recent months. In one particular respect it has grown nastier still. All or most of the deficit's expansion since the Vietnam war has been funded in effect by increased foreign holdings of Federal securities, principally as a consequence of the Opec surpluses. In 1977, for example, foreign buyers accounted for \$31bn of a total funding programme fallen fast in recent years. Now estimated net purchases of just \$4bn-\$5bn in the first half of 1983 have given way to net sales. This will immeasurably increas

the pressure on the domestic U.S. debt market and brings the Fed ever closer to a choice between two evils: higher interest rates to help sell government paper to non-bank of the debt through sales to the banks or the Fed itself.

Forecasts circulating in the City has yet to bless one or two neglect-of London of a dramatic collapse in ed corners, must notably utilities

The New York markets have cast August gingerly climbing down terest rates as a result, runs this are a coldly calculating eye on the from about 12.2 per cent to about gument, the dollar will simply have from about 12.2 per cent to about gument, the dollar will simply have 11.5 per cent. A move by the Fed to buckle under a massive U.S. ventions to ease the supply of funds withstanding the political embarrassment and the catch-22 item presented by higher Federal debt ser vicing costs.

Aside from the dollar's future, however, argument over the relative dangers of monetisation and direct pressure on interest raises might seem a little academic. Given the way that the bond market will almost certainly react to any inflationary increase in U.S. money supply, higher rates look like a certain outcome either way. Unless, that is, something miraculous happens in the economy to help dish the deficit - just as President Reagan has always said would happen.

With the reverse yield gap at full stretch, the gloom in the bond market has been a key restraint on the sustained strength of the recovery. But no-one has forgotten the trau-ma experienced by those fund managers who were slow off the mark when this bull market first roared away. So few have been prepared to move too far onto the sidelines each time the market has moved south through a meandering summer.

The first major corrections suffered by five of the seven bull markets since 1945, saw falls of less than 10 per cent, typically 5-7 per cent. That happens to be a measure of the Dow Jones Industrial Average's move from 1260 to 1170. Of course the possibility must remain that this has been no correction but something far more sinister. In the meantime, stocks in the energy, steel and chemical groups have been pushing nicely ahead to keep the brokers talking about sectoral investors, or a monetisation of part rotation, capital goods growth phases and the need for investors to be highly selective. The bull market ed corners, must notably utilities the dollar, as argued for example by and drugs, and most expectations brokers L. Messel among others, remain optimistic for a future adhave stressed the likelihood, inevi- ance - though not necessarily one bivalent. The yield on the government long bond spent almost all of route, With inflation outpacing in-ing after Labour Day.

#### Latin American and Caribbean nations need additional \$20bn BY KIM FUAD IN CARACAS

next five years, plus refinancing of their \$330bn foreign debt, to overcome their present crisis, the Organisation of American States (OAS) said yesterday on the eve of the region's first major conference to dis-

The OAS-sponsored meeting comes at the same time as regional Venezuela, have balked at conditions demanded by creditor banks ca," one senior official said. to re-finance debts. The Interna-Monetary Fund (IMF) is the target of their criticism.

Sr Carlos Langoni, Brazil's cenweek rather than accept IMF condi-\$90bn foreign debt, and Venezuela has rejected an IMF programme as a pre-requisite for refinancing its estimated \$33bn debt.

zuela's president, however, was quoted yesterday as saying the five-

LATIN AMERICA and the Caribbean need \$20bn a year over the vate negotiation. This move was decline in world inflation to an anfeared by private bankers, who will mual rate of 5 per cent after 1985 ing agencies.

Venezuela is unhappy, however, over what its finance ministry officials term unfair treatment for Latin America by international banks. "We are paying higher interest debtors, such as Brazil and rates than other parts of the developing world, such as Asia and Afri-

centre their criticism on specifics, observers do not discount the postral bank governor, resigned last sibility that a more radical country, such as Nicaragua, will attempt to tions to renegotiate his country's use the conference as a forum for baiting the U.S., which is the region's main lender.

An OAS document issued here sterday said that if no meaning-Sr Luis Herrera Campins, Vene-cuela's president, however, was region will need \$40bn between 1983-85 just to achieve minimal day conference to bring the 31 OAS growth and avert a decline in per member states together will not capita income.

attend as observers along with the and a gradual decline in nominal in-IMF and other international lend- terest rates in the 1983-87 period to 8.2 per cent.

"Based on these figures, and as suming the region achieves some alleviation from the pressing prob-lems of its short-term debt, we estimate that after a 3 per cent decline in the region's gross national product in 1983, the area's countries can a," one senior official said.

While Venezuela and other Latin in the decade of the 1970s," it said.

While rejecting the creation of a debt cartel or joint re-negotiation, the OAS paper said the cost of the debt crisis must be shared with private commercial banks which were insible in part for over ambi-

The paper called for banks to lower interest rates for the region to a reference level that could be the of-Germany, the U.S. or Switzerland.

### Fast breeder plan expected

Continued from Page 1

bringing the complex technology tive design.

Britain would be able to draw its share of the electricity from Superphénix 2 through the new 2,000 MW cross-Channel link between the UK and France. There are no firm plans at pres-

ent to build a big fast reactor in Britain. But Sir Walter Marshall, chairman of the Central Electricity Generating Board, has said recently that he sees great merit in the utilities making cross-investment in each other's fast reactor projects. In 1980, France proposed that

Britain should join the Superphénix club, but suggested it should pay France an "entrance fee" of about \$75m to compensate for the engineering design and develop-ment effort it had already invested in Superphénix.

Such a payment was unacceptable to Britain. It believed it had its own expertise to exchange in any international collaboration. Its case has since been accepted by the

Chouf battles

follow Israeli

Continued from Page 1

troop pullback

but in Washington President Ro-

nald Reagan said that the partial

ment's success in driving moslem militiamen out of much of West Bei-

rut last week, it is unlikely to be able to muster sufficient military

force to fill the vacuum left by the

Israeli withdrawal.

Many of the 32,000-strong army's

best combat troops are tied down in

withdrawal did not upset U.S. policy In the Middle East.
Despite the Lebanese Govern-

quest late last year, Sir Peter Hirsch began to explore the possibilities of three broad proposals for

rejected because of continuing political uncertanties over the future of the U.S. programme, notably the future of the Clinch River demonstration fast reactor project. But Anglo-U.S. collaboration con-

tinues at a research level, with each tional Atomic Energy Agency on deconducting experiments in the other's large prototype fast breeder reactors at Dounreay and Hanford. The Japanese, just starting to build a prototype fast reactor, were found by Sir Peter to be more interested in bilateral collaborations in

specific areas of interest and

not in the kind of broad-based collaboration favoured by Britain voured a broad-based collaboration. The French are indisputably ahead of the world in the engineering de-velopment of large fast breeder ensure reactor systems. But this has also rope."

At the British Government's re- bred in the French a growing sense of unease at their technological isolation in a very advanced technoloy.

With the forging of the new part collaboration - with the U.S., with nership, discussions can begin for Japan, and with Europe. nership, discussions can begin for the pooling of European facilities. the pooling of European facilities. The idea of an Anglo-U.S. fast For example, Dounreay may reprocess fuel from Superphenix and thus postpone the need to build expensive new reprocessing facilities for plutonium fuels in France.

Downreay is also the only breeder reactor establishment in the world to have worked with the Internaveloping safeguard systems for future plutonium-fuelled plants. The National Nuclear Corpora-

tion has developed ideas for a more compact design of fast breeder reactor which may help to reduce the cost of Superphénix 2. The founding meeting of Argo,

the International Breeder Reacto Study Group, a new OECD body, was held in Paris last week. Argo's aim is "to investigate practical methods for the deployment of the fast reactor line as a contribution to

### World Weather

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### SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Monday September 5 1983



**EUROBONDS** 

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### **Investors** wait for interest rate sign

BY OUR EUROMARKETS CORRESPONDENT

WITH the dollar sector of the Euro- ing in the U.S. dollar Eurobond bond market still in the doldrums market last week. Secondary marlast week as investors await a turn ket turnover was minimal and over in interest rate and exchange mar-ket irends, it was left to lesser cur-prices shed nearly a full point.

managed to hog most of the attention. The bond incorporates two current fashions in the market it is 12% per cent. It finished the week at a discount of two points while even the \$200m 12 per cent World Bank denominated in a high coupon nondollar currency and - a novel fea- ilar discount. At the time of the ture for a Euro-Canadian dollar issue - it is accompanied by an issue had described the coupon as genof 50,000 warrants to buy into the erous. same series of bonds.

generally confused about even the endar of issues for September. With short-term outlook, it was the war-

year. Investors can thus lock into light calendar. Just expired is a this high coupon without putting up very much cash in today's highly the issue of about DM 900m worth volatile exchange market. The war-rants immediately shot to C\$19 when they were launched and by market could absorb a similar Friday had risen still further to C\$22. By contrast, according to lead manager Merrill Lynch, the bonds peat of the August policy which saw themselves were trading at a deepish discount of 21/2.

Throughout most sectors of the international bond markets investors are unwilling to part with cash, preferring to park their money in endar, for South Africa's Departshort-term deposits until they see ment of Posts and Telecommunicawhether or not interest rates are poised to fall. If and when they do itial response in this coupon conthe dollar, which again hit DM 2.70 scious market. last week, could start to fall, rejuvenating bond markets in the socalled hard currencies such as D- 7% per cent DM 300m World Bank

Marks and Swiss francs ber which hardly augurs well for a count of around 1%.

drop in rates. bour Day holiday in the U.S. this anese issues, seasoned issues again made for a particularly jaded feel- fell by around % point on the week.

This explains how Wednesday's issue of C550m by Hydro-Quebec managed to hog most of the state. issue of 10 days ago traded at a sim-World Bank issue's launch dealers

West German banks are sched-Typically also for a market that is uled to meet today to set a new cal-Priced at C310 they allow holders to buy the 12% per cent, 10 year bonds at any time over the next year. Investors can thus look in the lo four-week period which has seen

> Bankers in Frankfurt feel the amount in September, but not much more. They are also hoping for a reon an ad hoc basis as the month progressed, giving considerable ex-

tra flexibility. tions, met with a rather positive in-

Its 9 per cent indicated yield is more than a point above the recent issue. The South African bonds But for the time being financial traded at a narrow, one point dismarkets are discounting a bulge in count on Friday while the World U.S. money supply during Septem-Bank issue was trading at a dis-

In Switzerland, where Coupled with the approaching La- bankers fear another surfeit of JapLANGONI RESIGNATION THREATENS RESCHEDULING

### New fears on Brazil's debts

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

of banks spearheading debt renegotiation talks with Brazil found itself overtaken by events as it sat down for yet another meeting in New York last Friday. The surprise resignation of Sr Carlos Langoni as governor of the Central Bank risked throwing a spanner into a rescheduling machine that was already in danger of stalling.

Quite how radically his departure will affect Brazil's crucial talks with the International Monetary Fund remains to be seen. One positive sign that the government of Presi-dent Joao Figueiredo is anxious to preserve continuity came with the mmediate appointment of Sr Alfonso Pastore, a close associate of Planning Minister Antonio Delfiza

Netto, to succeed him. On Friday night Mr William Rhodes, the senior Citibank official who has been co-ordinating talks between Brazil and the banks, said there should be no delay in reaching agreement as a result of Sr Langoni's resignation. He expected Brazil to finalise its programme with the IMF shortly.

But whether this means that Prof Delfim Netto will be able to assert his authority enough to push

THE 13-strong advisory committee through the stringent austerity raised from the banking communimeasures sought by the IMF is an-other matter. Sr Langon's asser-of 1984. This leaves a substantial tions that the IMF programme is but as yet undefined amount to unrealistic - inflation, expected to come from governments and other be 160 per cent this year, is to be brought down to 55 per cent in 1984 Moreover, le.

 lend credibility to growing opposi-tion to the IMF inside Brazil itself. While these political doubts remain, creditor banks cannot implement the rescue package now being hammered out by the advisory committee, whose meetings are attended by observers from central banks in leading industrial countries. But the banks equally have little option but to press ahead with planning the package on the assumption that the IMF programme

will be accepted in the end. Drawing up a new Brazilian res-cue package has turned into a very complex exercise for two main reasons. First, banks have found it enormously difficult to obtain accurate figures on Brazil's economic outlook. Second, this time round, banks are insisting that governments chip in with long term loans

Leading commercial bank creditors of Brazil estimate that the maximum amount which could be

Av. life Coupon

Moreover, leading banks, which extended more than \$2bn in bridging finance to Brazil late last year, have flatly refused to repeat the ex-ercise and the Bank for international Settlements, to which Brazil now has arrears of \$800m, will not respond warmly to any request for

In the medium-term area as well. the package looks like proving difficult for governments. The experience of Yugoslavia has shown that few governments are empowered to make medium-term cash loans to other sovereign governments. Such loans are traditionally tied to ex-ports, but Brazil, like Yugoslavia, is cutting down its purchases from the industrialised world and simply needs cash to pay interest on its

There is little doubt that this problem will loom large at the Bank Settlements International monthly meeting next Monday and

this month. By then, however, i should have become clear whether or not Brazil is prepared to accept the IMFs medicine.

That international banks can take a hard line with countries which do not accept IMF strictures was demonstrated last week in the case of Venezuela, which has been told by commercial bank creditors that completion of an \$18.4bn rescheduling scheme must wait until a Fund agreement is reached. This means that the banks have effectively turned down a plea from Fipance Minister Armiro Sosa to reach agreement by December, leaving the IMF to wait until after the country's forthcoming elections.

But the banks are not formally breaking off talks with Venezuela and expect to discuss rescheduling in parallel with the country's IMF Nigeria is currently seeking to

expand its recent refinancing of arrears on short term trade debt to include an additional \$500m in letters of credit. This follows an earlier operation to refinance \$1.4bn over three years at a margin of 1% per cent over the London inter-bank ofat the International Monetary Fund fered rate (Libor) or 1% per cent annual meeting in Washington later over U.S. prime rates.

**MEXICAN PAPER IN DEMAND** 

#### Latin America draws the adventurous

BY ALAN FRIEDMAN

last week at 93%.

The same goes for Venezuelan 8 per cent bonds maturing in 1984: they are on offer at 93 to yield 26.52 per cent. Considering the perilous state of these two Latin American debtors' finances, it is hardly surprising that the most popular Latin American Eurobonds on offer are for a country which was on the brink of default 12 months ago, but now looks much healthier - Mexico.

This is not to say that Euroman ket investors are rushing to buy Mexican bonds - far from it. None tor interest, particularly from the Continent, in Mexican paper.

The reasons behind such interest are twofold: Mexico's tarnished image has been sigaificantly rehabiliinvestors are now prepared to come back for a punt on Mexican bonds.

Av. Sie Couper

FAITH - and lots of it - is what is In addition, Continental investors required of investors who are intra-are attracted by the super yields gued by the notion of a 35 per cent available on benchmark Mexican yield on Eurobonds which mature bonds, in many cases providing next year. This is because the them with a 5 to 8 per cent yield bonds in question are Brazilian 9% pick-up on standard Triple A Europer cent 1984 maturities, on offer bonds now providing a return of

> There appears to be enough Continental interest in this kind of paper to keep the books open and running at a few bond houses in landon, a far cry from the virtual freeze in trading of last year. The Mexicans seem to have gone through their bad patch and people are more willing to take the risk." commented one trader.

The same cannot be said for Brazilian Eurobonds. Investor nervousness about Brazil has led to an eptheless, dealers last week reported idemic of early redemptions of the a small but steady degree of inves-tor interest, particularly from the country's paper, in some cases four years ahead of final maturity. Last week saw investors demand repayment of about DM 100m or two thirds of a DM 150m 7 per cent 1977/87 Eurobond for Electrobrus, tated over the past few months and the electric utility. The bond was to have been redeemed in five annual instalments from this year on

Borrowers	TL.	Maturity	years	49	Price	Lead Manager	4/9	Borrowers	m.	Maturity	Appliz	6/8	Price	Lead Manager	6.0
U.S. BOLLARS LYCE ‡	85	1998	7	121/2	100	LTCB, Selemen Brus., Allergan Guaranty	12.500	SWISS FRANCS Lance Seies Co. Inc "5‡ Japan Devt, Bank ‡ Best Denki "5	1 <i>0</i> 0 100 50	7988 1993 1988	<u> </u>	3% 5% 3%	100 100 100	Banca dalla Svezera Italiana UBS US	3.37 <del>5</del> 5.875
CANADRAN DOLLARS Hydro-Guebec ¶‡	50	1993	18	123/4	100	Merrill Lynch	12.759	Nippor Seiky **§ Sunitomo Heavy Inds. Sekai Heavy Inds. **§	80 100 35	1988 1991 1988	-	31/4	100	UBS SBC Bank Julius Baer	5.080 3.625
D-MARKS Asics Corpn. §	50	1991	8	51/4	100	Commerzkank		AUSTRALIAN DOLLARS Australian Industry Devt. Corpo. ‡	30	1988	5	14	100	Drios Royal Bank	14.080
Indonesia **‡ Postmaster Gen. S. A.	100 100	1988 1990	5 7	9	100	Commerzhank BHF-Bank	-	LUX, FRANCS Bey, Landesbank ""‡	250	1988	4.4	101/2	106	Bque. Ges, du Lux	10.590
SWISS FRANCS City of Vienna 1	188	1993	_	53/4	189	Krediethauk (Suisse).		£CUs EEC	_ 50	1993	61/2	1174	•	ABN, Kredietbank lothn.	
Kenza Figance ‡	198	1993		51/2	100	Nordfinanz-Bk. Zurich CS	5.750 5.580	YEN World Bank ‡	20bn	1995	10.32	7.9	99.75	Mildo Secs.	8.090
			" Net yet	priced. ‡ file	al tapas.	** Placement. † Floating rate note.	Ø Minings	n. § Convertible. 9 With warrants. Not	ts: Yields	are calculates	on AIBD b	esis.			

**CURRENT INTERNATIONAL BOND ISSUES** 

All these securities having been sold, this announcement appears as a matter of record only



#### **European Coal and Steel Community**

U.S. \$75,000,000 11% per cent. Bonds 1990

S. G. Warburg & Co. Ltd.

**Banque Paribas** 

Amro International Limited Banque Internationale à Luxembourg S.A.

Banca Commerciale Italiana Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Société Générale de Banque S.A.

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

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Yamaichi international (Europe)

This announcement appears as a matter of record only.

JULY 1983

U.S. \$100,000,000

### Pacific Power & Light Company

**Euro-Note Purchase Facility** 

Arranged by

#### Credit Suisse First Boston Limited

Tender Panel Members

Bank in Liechtenstein

Banque Indosuez

Banque Nationale de Grèce (France)

Banque Paribas

Chase Manhattan Capital Markets Group

Continental Illinois Capital Markets Group

Creditanstalt-Bankverein **Grindlays Bank PLC** 

Hambros Bank

Handelsbank N.W. (Overseas) Kleinwort, Benson

Manufacturers Hanover

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Orion Royal Bank

J. Henry Schroder Wagg & Co.

Swiss Bank Corporation International

**Toronto Dominion International** 

Underwriting Banks

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

**Banque Paribas** 

Bayerische Vereinsbank AG (Union Bank of Bavaria), Cayman Islands Branch

Commerzbank **Dresdner Bank AG** 

Crédit Lyonnais Lloyds Bank International Credit Suisse First Boston

Grand Cayman Branch LTCB International National Westminster Bank Group

Nederlandsche Middenstandsbank N.V.

Swiss Bank Corporation International

Facility Agent

Credit Suisse First Boston Limited

U.S. BONDS

### Further fall in M1 spurs strong late rally

latest target ranges for the first time since late June.

As of Friday M1 was \$1.9ba

below the Fed's interim target of 7 per cent growth in the third quarter and \$2.1bn below

and M3, the broader money measures, are already comfort-

ably within their target ranges.

to hold steady.

The August M2 and M3

interesting.
There are, however, still a

number of major market nega-tives in the offing. Although

the hectic second-quarter pace of the economic recovery seems to have abated there is still

widespread concern about the

In the near-term this is

focused upon the Treasury euctions. Last week the Treasury sold \$7.75bn of one-

\$8.25bn for sale on September

Offsetting these concerns a credit crunch between the

figures should

budget deficit.

due out this Friday prove particularly

The general, but by no means

WALL STREET should return with a \$200m downward from the extended Labour Day revision in the previous week's holiday weekend tomorrow with figures, sent the basic money at least one thing to smile about. at least one thing to smile about.

For once again the pundits had got M1 wrong. After they had been sulking all week because of a smaller than expected decline in the basic money measure in the previous third quarter and \$2.1bn below week, the Fed announced on the 9 per cent upper limit of Friday that in the latest report- the Fed's revised annual target ing week M1 fell by \$1.4bn.

The market, ready for the increase of at least \$1bn and the news therefore spurred a strong late trading rally—albeit with relatively few market partici-pants ahead of the holiday week-

end.

As a result the Government that the Fed now has slightly market made up much, but not more room for manoeuvre. A all, of its earlier losses. The Treasury long bond jumped 11 points on the M1 news to close

U.S. INTEREST RATES (%) 

Source: Salomon Bros (estimates). In the week ended August 24 M1 fell y \$1.4bn to \$515.3bn.

at 101% to yield 11.79 per cent and short-term rates dropped by between 12 and 17 basis

The late turnaround was made even more dramatic by year notes at an average yield the malaise affecting the of 9.64 per cent. On Wednesday markets ahead of the Fed's the Treasury will announce annoucement. Although most details of its two-year note Wall Street economists auction expected to total about believe the markets were overreacting to concerns about short-term rates and Fed policy. The week saw little retail activity and bond prices continued to drift lower until late states around \$15bn.

Offsetting the sale on September 14, to be followed by a three part offering of four-, seven- and 20-year maturities totalling around \$15bn.

Some of the market's concerns may have been eased by the M1 figure last Friday. While Wall Street is still in a state of confusion over the weight it should give the weekly money measure, the markets had little doubt about the immediate which include a mere psychological significance of the new issues last week.

latest figure.

The decline in Mi, coupled

### Advance in midterm sales and earnings for Aga

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

AGA of Sweden, the world's Capital spending plans call for future. the year to SKr 2.55bn (USS 320.8m), compared with SKr 2.36bn in the corresponding period last year. Group profits Mr Marcus Storch, chief executive, said the profits over-ail in 1983 were tikely to increase by 15 per cent from the SKr 481m achieved last

range.
Although an expected surge The group is still investing in M1 in September may push it back beyond the targets, M2 heavily in new plant around the world, and has decided to build two new atmospheric gas plants, for the production of oxygen, nitrogen and argon, in Finland and the U.S. Large tonnage contracts have been signed with Outokumpu in Harjavalta in Finland, and with the Timken further firming in the near-term has grown significantly less likely and the Fed's most likely short-term course will be company in Canton, Ohio, in

fifth largest industrial gas group, expenditure of SKr 500m to With strong liquidity Aga has increased its turnover by 8 per SKr 600m a year from 1983 to also recently acquired 25 per cent in the first six months of 1985. Two new atmospheric gas cent of the voting rights in

before taxes, year-end provisions, and non-recurring items, Nordic region, but is not Aga's gas operations
rose by 25 per cent to SKr 278m. currently operating in Norway. accounted for SKr 1.7bn of

BY CHRIS SHERWELL IN SINGAPORE

THE BANCKOK BANK, South- Tokai Asia, also of Hong Kong. East Asia's largest bank, has launched a \$50m four-year floating rate certificate of deposit (FRCD), thought to be the largest such issue in the Asian dollar market.

Lead managers are Singapore

plants have been under con-struction in Mexico and in the formed earlier this year by the leading Swedish financier, Mr Anders Wall, deputy chairman

It has recently bought 7 per group turnover in the first six cent of Norgas in Norway, months with Frigoscandia, its however, a holding that is freezing and cold storage sub-expected to increase in the sidiary accounting for SKr 545m.

#### Record issue by Bangkok Bank

The FRCD, to be issued at par on September 15, will carry an interest rate of three-sixteenths per cent above the six-month Singapore inter-bank offered rate (Sibor) for the first three years.

and one-quarter per cent above
Sibor for the fouth year.
The Bangkok Bank's assets at
the end of June 1983 were
192.6bn baht (U.S.\$8.4bn) and Capital investment totalled Commerce Bank (South East the end of June 1983 were SKr 323m in the first half of Asia), First Chicago Merchant 192.6bn baht (U.S.\$8.4bn) and the year, of which SKr 291m Bank, Sanwa International deposits amounted to 142.2bn was spent on the gas operations.

#### First-half growth at Rabobank

By Walter Ellis in Amsterdam

DESPITE a further steep mcrease in provisions for debt (up 33 per cent to Fl 315m), net profits of Rabobank, the giant Dutch co-operative bank, rose by 24 per cent during the first six months of this year to This is the most marked improvement in performance by any Dutch bank this year and confirms Rabo as the sector's

most consistent earner during the present economic recession Nearly all banks in the Nether-lands have, however, recorded good results this year so far, with profits at ABN and AMRO, Rabo's two biggest rivals, each moving ahead by 22 per cent.
Gross profits at Rabo for the first half came to F1 756m, an improvement of 25 per cent on last year. Interest income rose from just under F1 1.6bn to F1 1.7bm while comprision and other charges went up from F1 207m to F1 244m.

Rabo says there was a general pick-up in the demand for credit but investment by business and industry remained at a low level, with only the agricultural sector showing real improvement.

### Jacobs-Suchard to lift profits by 20%

BY JOHN WICKS IN ZURICH

chocolate concern, are expected to increase by some 20 per cent in 1983. Last year, when the group was formed by the amalgamation of the Jacobs coffee company and the chocolate manufacturer Interfood, profits amounted to SwFr 91.5m (U.S.\$41.7m) on consolidated turnover of SwFr 4.06bn.

In the first half of this year group earnings were up by as much as 30 per cent and sales by 9 per cent. The profits rise in the second half is expected to be smaller, due primarily to the effect of the stronger dollar on the cast of raw materials. the cost of raw materials.

Mr Klaus J. Jacobs, the group's managing director, said the company intends to expand its operations in North America through existing subsidiaries and possibly by acquisitions. In the Far East, it wants to increase activities in the licen-sing sector, and perhaps set up a company in due course.
In the UK and Spain, where In the UK and Spain, where entitled the group is currently active 319.8m.

GROUP profits of Jacobs only in chocolates, there are Suchard, the Swiss coffee and plans to start coffee sales. In Spain this might lead in the coffee company.

Certain products are to be withdrawn from the sales programme and production capacity reduced. This will particularly affect the chocolate sector. At present some 60 per cent of group turnover is accounted for by coffee and the remaining 40 per cent by chocolate. Major national markets are currently Germany, France and Switzer-

• ELEKTROWATT, the Swiss energy and industrial holding company, is to recommend a higher dividend and a SwFr 40m capital increase at its October 5 AGM.

Following an improvement in net profits by some 30 per cent to SwFr 46.9m for the year ended June 30 the board proposes distribution of a dividend of SwFr 70 per share compared with SwFr 60 previously. Payment will be on increased capital of SwFr

#### Senior officers promoted at

**Monsanto**  MONSANTO CO. has elected president Mr Richard J. Mahoney chief executive officer manoney chief executive officer and Dr Louis Fernandez chair-man from September 1. Chair-man Mr John W. Hanley. Mon-santo's chief executive officer for the past 11 years, intends to retire on March 1 1984. During the six-mooth transition period by will serve as chairman of the he will serve as chairman of the executive committee of the board. Mr Mahoney has served as president since 1980 and chief operation officer since 1981. Dr Fernandez has served as vicechairman since 1980 and as a member of the board since 1971.

private and public sectors still looks a distant possibility. Cor-porate long-term new issues are m new issues are a mere 6 per cent same period last on to date, accord. Boston figures, a mere \$225m of t week.

Paul Taylor

Mer Jacques G. Malsonrouge, IBM senior vice-president, has been elected to the board of INTERNATIONAL BUSINESS MACHINES CORP. He continues as chairman, IBM world Trade Corp., member of the corporate management board and the business operations committee and now running a mere 6 per cent ahead of the same period last year at \$30.63bn to date, according to First Boston figures, which include a mere \$225m of

member of the board of the IBM World Trade Europe/Middle East/Africa Corp. In October 1967 he was elected president of the IBM World Trade Corporation and vice-president of IBM. He became an IBM senior vice-president in Sectomber 1973 president in September 1972. ● Mr Minoru Hashimoto has been named president, NKK AMERICA INC., New York, U.S. subsidiary of NKK (Nippun Kokan), succeeding Mr Selichi Mute, who returns to Tokyo

headquarters as corporate secre-tary. Mr Hashimoto had been general manager, machinery and ment, Tokyo. © Dr James H. Leonard has been elected vice-president, technology, BETHLEHEM STEEL logy, BETHLEHEM STEEL CORP. He was general manager of the hydroturbine division of

● Mr George Yeh, formerly corporate manager of United Technologies, has been named president and cifef operating officer of ID SYSTEMS CORP., of Hilliard, Ohio. ID Systems Corp. has formed new subsidiary, IDS Research and Development Corp. with Mr Yeh as president and chief operating officer.

INTERNATIONAL APPOINTMENTS

Mr George Yeh, president of ID Systems and IDS Research and Development

NATOMAS CO., San Francisco, has named Mr Royston C. Hughes as senior vice-president of administration for Natomas North America. He will oversee North America. He will oversee North America. He will oversee administration, human resources, administration, human resources, purchasing and graphics, as well as the oil and gas marketing and land administration for Natomas's Houston-based subsidiary which manages the company's petroleum exploration, production and marketing activities in the U.S., its offshore waters and Canada.

ber 30. Mr Garber was assistant treasurer, corporate development.

Mr K. G. R. MacLennan, director, international banking division of STANDARD CHARTERED MERCHANT BANK ASIA, has succeeded Mr J. H. Baldwin as managing director.

SUN COMPANY states that Singapore shortly to take up are sident of Sun's Washington, DC office, will retire on April 1 pext year and will be replaced by Mr Thomas L. Wylie, currently manager of external affairs for Sun's western and Manhattan Capital Markets Corp affairs for Sun's western coal and alternate energy businesses.

ber 30. Mr Garber was assistant

Baldwin as managing director. Mr J. H. Baldwin will be leaving

● Mr Ray G. Anderson has resigned as a vice-president and new business officer of Chase Manhattan Capital Markets Corp to rejoin THE CHASE MANHATTAN BANK, NA. On September 15 he will become regional institutional manager and alternate energy businesses.

Dr John Heibel, founder and chief avecutive of Systems Corp. has become chairman and will also become chief executive and chairman for IDS Research and Development Corp.

Mr Yeh had been with United Technologies for four years, Previously, he was director of materials for Bendix Corp.

and alternate energy businesses. HATTAN BANK, NA. On September 15 he will become regional institutional manager regional institutional manager regional institutional manager regional institutional manager regional institutional manager regional institutional manager region. He will have manage ment responsibility for Chase's president of the Citibank's Latin America division, based in Rio de Janeiro, where the directed consumer credit pank's Latin America division, based in Rio de Janeiro, where the directed consumer credit pank's Latin America division, based in Rio de Janeiro, where the directed consumer credit in Bogota, Colombia.

 Mr Eugene R. Montany has been apointed in the expanded position of vice-president, tech-nology and strategic planning at tology and strategic planting at UNITED TECHNOLOGIES' Pratt & Whitney Group. Mr Montany had been vice-president strategic planning for Pratt & Whitney Group since 1979 and will maintain his responsibility for analyses and recommendations concerning strategic business plans. In his new position, he will do the same for technology plans and will also co-ordinate Pratt & Whitney technology and strategic planning with UTC.

Mr Jules Kyburz, manager of Migros Berne, is to succeed Mr Pierre Araold as chairman of the MIGROS CO-OPERATIVE FEDERATION, Switzerland's leading actail.

leading retail group, on his retirement next year. Mr Joseph Chira, former Citi-bank group president, has joined BUSINESS COMPUTING INTER-

# INTERNATIONAL



FennoScandia is now open for business as a licensed deposit taker - a new force in international banking with a refreshingly different and distinctly

Scandinavian outlook. FennoScandia has been created by pooling the expertise and resources of two of Scandinavia's largest and most important financial institutions — Skopbank in Finland and SwedBank, known domestically in Sweden as

Sparbankernas Bank. With a capitalisation of £10 million, FennoScandia is backed by all the strength and experience of its shareholder banks.

FennoScandia offers new and considerable scope for corporate clients with expanding international operations and constitutes a similarly attractive partner for the international banking community.

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#### FT INTERNATIONAL BOND SERVICE

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rak Hydro 5 <sup>1</sup> , 98	100	1974	97%	+04	+0-	5.
err. Draukreft 6 93	100	101	10214	-0%	-67	5.
terr. Post 64 91	100	702½	102%	ŏ.	-ò-	5.
ebec Hydro 67 93	100	100%	101	404	+04	6
cisui House 6 93		1011,	1012	400.	-0.	53
					. ••	

. 1	Sumitomo M. Ind. 6 91 100 101 101% +1 +0% 5.81 Tohoku E. Power 6 93 100 100% 100% -0% +0% 5.96	EUROBOND TURNOVER
	Tohoku El. Power 6 93 100 100% 100% -0% TUS 5.96 Trizec Coron, 8% 91 100 102 102% 0 -0% 5.89	(nominal value in \$m)
	Trizec Corpn. 64 91 100 102 1024 0 -04 5.89 World Bank 55 93 100 97 974 0 0 6.02	(Hobertal Final In the)
. 1	Average price changes On day +01 on week 0	Euro-
	Change on	Cedel clear
	VIN STRAIGHTS I leaved Rid Offer day week Vield	U.S. \$ bonds
!	Austrelia 8º 82 15 103º, 104º, 0 -0º, 7.99 EIB 8º, 92 15 101º, 102º, +0º, 0 7.90	
!	Janan Authres 16 87 . St Thuis luck U U 7.78	
	New Zaaland 71 89 15 1012 1012 0 0 7.28 World Bank 81 92 20 102 103 0 0 0 7.89	Previous week 6,395.4 9,978.5
. I	World Bank 81, 92 20 1021, 1031, 0 -01, 7.89	Other bonds
	Average price changes On day 0 on week 0	Last week 1,096.5 543.9
	Change on	
. 1	OTHER STRAIGHTS Issued Rid Offer day week Ye 4d British Col. 114 93 CS -25 1937 944 0 -04 12.82	Previous week 902.0 802.0
ŀ	Co Pc Sco 11% 90 CS 75 758 984 0 -04.12 24	
ļ	Chrp. France 114 95 C5 40 1835 34 -04 -04 12.91	
٠ ا	Montreal 124, 91 CS 50 199 991, 0 -01, 12.37 Norcen 124, 93 CS 60 1941, 944, 0 0 13.79	No information available—
l	Ouebac Prov. 12 93 CS 50 1983 98% 0 -03.79	previous day's price.
ľ	Quebac Prov. 12 93 C\$ 50 1987, 987, 0 -01, 12.23 Xerox Canada 12 88 C\$ 40 1987, 99 0 -01, 12.35	† Only one market maker
	Credit Net 12% 93 ECU 50 103% 104% -0% -0% 11.56	Ony one market maker
- 1		supplied a price.
- 1	Consol. Feeds 74 88 FI 100 924 954 - 04 - 04 8.56 Flect. Supply 84 88 FI 75 954 954 - 04 - 04 8.56 Flect. Supply 84 88 FI 75 954 954 - 04 - 04 8.05 Flect. Supply 84 88 FI 70 974 974 0 - 04 8.05 Flect. Cred. 74 88 FI 100 944 954 + 04 0 9.05 Flect. Cred. 74 88 FI 100 944 954 + 04 0 9.05 Flect. Supply 85 Flect. Su	STRAIGHT BONDS: The yield
	Nederland Gas 74 88 FI 100 97% 98% 0 0 7.99	is the yield to redemption of
- 1	Philips Lamps 74, 88 Ft 100 964, 974, 0 -04, 8.06	the mid-price; the amount issued
- [	Sw. Ex. Cred. 72 88 FI 100 944 954 +02 0 9.11 World Bank 7 88 FI 150 94 842 0 -02 8.60	
- 1	OKB 14 86 FFr 400 100 101 +04 +04 13.39	is in millions of currency units
- 1		except for Yen bonds where it is
ı	British Oxyg. 114 91 £ 50 994 1004 -04 +04 11 67	in billions. Change on week=
- 1	CEPME 114 95 £ 35 196 2 99 2 -04 +1 11.39	Change over price a week
ļ	Solvay et C. 14% 86 FFr 200 101; 102; +04; 103; 50 8FCE 11½ 88 £	earlier.
- 1	Fin. for Ind. 10 <sup>3</sup> 90 £ 30 94 <sup>3</sup> 95 <sup>3</sup> -0 <sup>3</sup> -0 <sup>3</sup> 11.53 Fin. for Ind. 12 <sup>3</sup> 88 £ 30 13 <sup>3</sup> 104 <sup>3</sup> -0 <sup>3</sup> 0 11.26 F. Mat. Oranji. 12 <sup>3</sup> 82 £ 30 101 <sup>3</sup> 101 <sup>3</sup> -0 <sup>3</sup> -0 <sup>3</sup> -0 <sup>3</sup> 11.55 Gen. Elec. Co. 12 <sup>3</sup> 89 £ 50 102 <sup>3</sup> 103 <sup>3</sup> -0 <sup>3</sup> -0 <sup>3</sup> -0 <sup>3</sup> 11.55 Norsk Hydro 12 90 £ 30 102 <sup>3</sup> 103 <sup>3</sup> -0 <sup>3</sup> -0 <sup>3</sup> -0 <sup>3</sup> 11.55 Ouebec 14 <sup>3</sup> 89 £ 30 108 <sup>3</sup> 109 <sup>3</sup> 0 -0 <sup>3</sup> 12.54 Sweden 11 <sup>3</sup> 89 £ 50 95 <sup>3</sup> 97 <sup>3</sup> 0 +0 <sup>3</sup> 12.26 Sweden 11 <sup>3</sup> 83 £ 50 95 <sup>3</sup> 97 <sup>3</sup> 0 -0 <sup>3</sup> 12.15 World Bank 11 <sup>3</sup> 88 £ 100 95 <sup>3</sup> 97 <sup>3</sup> -0 <sup>3</sup> 0 11.88	THE CAMERICA TO A THE MICHIES.
- 1	F. Mat. Oranji. 124 92 £ 30 1014 1015 +04 -04 12.35 Gen. Elec. Co. 124 83 £ 50 1024 1034 -05 -04 12.55 Mort. 8k. Fin. 114, 89 £ 15 98 974 0 +04 12.55 Norsk Hydro 12 90 £ 30 1014 1024 0 0 11.55 Ouebec 145 89 £ 30 1084 1084 0 -04 12.36 SNCF 115 89 £ 30 965 374 0 +05 12.36 SNCF 115 89 £ 30 965 374 0 +05 12.36 SNCF 115 89 £ 30 965 374 0 +05 12.36	FLOATING RATE NOTES: Denominated in dollars unless
- 1	Gen. Elec. Co. 121, 89 £ 50 1021, 1031, -01, -01, 11.65	otherwise indicated. Coupon
- 1	Norsk Hydro 12 90 E 30 1014 1024 0 0 11 55	shown is minimum. C.dte=Date
ſ	Ouebec 1412 89 £ 30 1081, 1091, 0 -01, 12.36	next coupon becomes effective.
- 1	SNCF 117 89 E 30 967 974 0 +07 12.26	Spread = Margin above six month
- 1	Swaden 1114 83 E 50 9314 9414 +014 +014 12.37 Sw. Ex. Cred. 1114 88 E 30 9614 9714 0 -014 12.75	offered rate (three-month;
- 1	World Bank 114 88 E 100 964 974 -04 0 11.88 World Bank 114 91 E 75 99 994 +04 -04 11.48	offered rate (#three-month; above mean rate) for U.S.
ı	World Bank 11½ 91 € 75 99 99½ → № — № 11 #9 (	dollars. C.con=The current
- [	Euratom 11 53 LuxFr 500 1037, 1047, 0 -01, 10.23 Europerat 105, 93 LuxFr 600 1021, 1031, 0 0 10.29	coupon. C.yld=The current
- 1		vield.
- 1	PLOATING RATE	CONVERTIBLE BONDS: De-
- 1	HOATING NATE  NOTES  Spread Bid Offer C.dts C.cpn C.yld  SFCE 51, 87	nominated in dollars unless
- 1	BFCE 57, 88 04, 997, 991, 20/1 10.18 10.26	nominated in dollars unless otherwise indicated. Chg.day=
- 1	Caleso Nat. Tele. 5%, 90' 0%, 99 99%, 21/10 9.58 9.65	Change on day. Cnv. date=First
Į	CCF 54 98	date for conversion into shares.
- 1	CEPME 54 88 WW 04 994 994 3/9 10 10.05	Cnv.price=Nominal amount of bond per share expressed in
- {	CEPME 54 92 04, 993, 994, 10/12 101, 10.55	bond per share expressed in
- [	CNCA 54, 95 XW 04, 984, 99 7/12 10 10.13	currency of share at conversion
- 1	CNT 5's 81 0'4 98'2 98'4 6/11 9'4 9.38	rate fixed at issue. Prem=Per-
- 1	Credit Lyongais 52 94 02 997, 297, 24/9 10 10.04	effective price of accessing
j	CCF 54 95	centage premium of the current effective price of acquiring shares via the bond over the
ı	Credit Nat. 5% 94 04 96% 99% 9/9 9% 9.33	most recent price of the shares.
- 1	EEC 5 90	
- 1	Kansallis Osake 51, 92 64, 994, 100 6/11 94, 9.14	The list shows the 200 latest international bonds for which
- !	Long Term Credit 5- 92 04 99 100 27/11 94 9.76	an adequate secondary market
- 1	Kansallis Osake 52 92 64 994 100 6/11 94 9.14 Long Term Credit 54 92 04 994 100 6/11 94 9.14 Long Term Credit 55 92 04 994 100 27/11 94 9.76 J. P. Morgan 54 97 504 1004 1004 7/10 10,06 10,05 New Zealand 55 87 04 100 1004 7/10 10,06 10,05 NZ Steel Dev. 54 92 04 100 1004 22/12 104 10,22 Nippon Credit 55 90 04 100 1004 10/2 111 111	exists. The prices over the past
ì	NZ Steel Dev. 51, 92 01, 100 1001, 22/12 101, 10.22	Week were supplied by Kredist.
- 1	Nippon Credit 54 90 04 1004 1004 10/2 1174 11.22	bank NV; Credit Commercial de
	Nippon Credit 54, 90 04, 1004, 1004, 1004, 1004, 1174, 11.22 Societe Gen. 54, 90 XW 64, 984, 89 9/11 94, 9.23 Societe Generale 54, 95 04, 984, 987, 994, 1/9 94, 9.57 Sweden 54, 89,	bank NV; Credit Commercial de France; Credit Lyonnais; Com- merzbank AG; Deutsche Bank
- 1	Sweden 54 89 014 995 997 28/2 90 40 40	merzbank AG: Deutsche Bank

Societe Generale 54 95	OL.	ODL	994	7/0	3	3.22
Sweden 54 93	~	100	4001	20/4	IV. IV	70.27
Average price chan		, a.	100-4	. J/Z	11.19	_ 11.17
	yos,	CH O	7	. ou .	MOOK 1	,
CONVERTIBLE RONDS	Crow	Cnv.			Chg.	
BONDS	-1-0-		امنات	OH	day.	_
Bridgestone Tire 512 96	3/83	430	1097	TOTAL S	-1',	Prem
Canon 7 97	7/82	749 1	2257	330	-07	3.43
Daiwa Sec. Co. 51, 98	10/03	EAS	961	-	+0.	76.18
Hitachi Cable 54 96	2/22	546 546	1101	3/7	70%	2.62
Honda Motor 52, 98	E / 02	904	1107		-65	6.97
Honda Motor 54 98 Honda Motor 54 97	3/22	750 6	4001	30%	-04	3.22
KUMBON GUMBI 61- 97 *	10/02	400	1007	110	-0.	1.00
Kyowa Hakko 64, 97	2/22	700	1167	112	-0.	-1.64
Minebas Co. 51, 98	E/00	404	1207	110%	-04	11,15
Mitsubishi Elec. 54 98	5/63	901	1201	12/16	-25	-2.56
Nippon Electric 54 97	3/03	-330	1007	109%		6.93
Nippon Oil Co. 512 98	4,000	705.9	1814	1835	-112	5.06
Nissen Motor 54 98	4/00	300	237	TOUT	-0.	10.32
Olympus Optic, 62 87	13/03	-20	200.7	871	+0.	-1.02
Orient Finance 54 97	2/02	1331	100.4	1014	+0,	18.B7
Orient Leasing 54 98	2/02	251.2	31.	827	0	10.41
Secom 5 98 9	T1 /07	2022	247	3376		-3.68
Sumitoma Elec. 51 97	9/03	رمص	143	124-2	+1	5.22
Sumitomo Met 54 96	3/ OZ:	2//.3	103.7	111	-02	3.79
Yamaichi Sec. Co. 5 98	0/81	<u>مري</u>	90	9/2	-0.5	90.63
NEC Cpn. 31, 83 SwFr	2/02	472	4301	201	-o-,	0.07
Sanya Elec. 3'- 93 Swfr	5/92	2/0	1404	1212	-74	-1.07
Konishizoku 64 88 DM	5/03	412	1141	115	-1-01	15.37
Mitaubishi H. 6 89 DM	7/02	363	1007	1007	TUY	3.29 15.85
Sum Realty 64 92 DM	2/27	?Œ	1101	1700	- O1	-4.24
	~ 03	-03	. 10.2	4137	-94	-4.24
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The Financial Times 1	.xa., 1	36J.	Hebro	aucti	מן מכ	whole

except for Yen bonds where it is in billions. Change on week= Change over price a week earlier. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date mext coupon becomes effective Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current coupon. vield. CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Chg.day= Change on day. Cnv. date=First date for conversion into shares. Cnv.price=Nominal amount of hond per share expressed in currency of share at conversion rate fixed at issue Prom=Perrate fixed at issue. Prem=Per-centage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares. The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrele; Banque Generale du Luxembourg SA; Banque Internationale
Krediet bank Luxembourg;

Girozentrale; Banque Generale
du Luxembourg SA; Banque
Internationale Luxembourg;
K.redietbank Luxembourg;
K.redietbank Nederland NV;
Pierson, Heldring and Pierson;
Credit Suisse/Swiss Credit Bank;
Union Bank of Swizerkand;
Akroyd and Smithers; Bank of
Tokyo International; Chase Manhattan; Citicorp International
Bank; Credit Commercial de
France (Securities) London;
Daiwa Europe NV; EBC; First
Chicago; Goldman Sachs International
Bank; IBJ International; Kidder
Peabody International; Merrill
Lynch; Morgan Stankey International; Nomura International;
Orion Royal Bank; Robert
Fleming and Co.; Scandinavian
Bank; Societe Generale Strauss
Turnbull; Sumitomo Finance
International; S. G. Warburg and
Co.; Wood Gundy.
Closing prices on Sectombar 2 o.; Wood Gundy

Closing prices on September 2

Copies of this Offer for Sale, each having attached thereto the documents specified in paragraph 12(f) of Appendix 3, have been delivered to the Registrar of Companies for registration. This Offer for Sale includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Garing Kerr" or "the Company") and its subsidiaries (together referred to as "the Group"). The Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept respon

Application has been made to the Council of The Stock Exchange for the issued Ordinary Shares of the Company to be admitted to the Official List. The application list for the Ordinary Shares now being offered for sale will open at 10.00 a.m. on Thursday 8th September 1983 and may be closed at any time thereafter. The procedure for application and an application form are set out at the end of this document.



#### Offer for Sale by Tender by **Sheppards and Chase**

#### of 1,800,000 Ordinary Shares of 10p each at a minimum tender price of 200p per share, the price tendered being payable in full on application

SHARE CAPITAL

Authorised

000,008£

gistrars and Transfer Office

Ordinary Shares of 10p each

Issued and

The Ordinary Shares now offered for sale rank in full for all dividends and other distributions hereafter declared, made or paid on the Ordinary Shares of the Company.

indebtedness

of business on 3rd August 1983, the Group had outstanding secured bank loans and overdraits of £464.000, hire purchase commitments of £43.000 and bank deposits as of £497.000, £405,000 of the above bank loans and overdraits and £597.000 of the bank deposits and credit balances were denominated in toreign currencies and have date states of exchange ruling on 3rd August 1983. There were contingent liabilities in respect of additional purchase consideration in connection with the acquisation of ferred to in paragraph 11(a)(1) of Appendix 3. Save as aforesaid (and apart from intra-group borrowings within the Group for Created but unissued any loan capital fineliding term loans), mortgages, charges or other borrowings or indebtedness in the nature of borrowing including bar

			ued any loan capital fincluding term loans), m es (other than normal trade bills) or acceptan
Directors Bruce Goring Kerr M Sc (Eng) John Hugh Munro Mackenzie MA	President and Technical Director Chairman	Solicitors to the Company	Lovell, White & King 21 Holborn Viaduct London EC1A 2DY
Richard Edward Richardson Norman David Butcher ASCA Peter John Haycock Bryan Witfred Lewis	Deputy Chairman and Managing Director Finance Director Sales and Marketing Director Manufacturing Director	Solicitors to the Offer for Sale	Macfarlanes 10 Norwich Street London EC4A 18D
all of Vale Road, V Jan Severyn Schutz B Sc	findsor, Berkshire SL4 5JX. Director — North America borough, Ontario M1S 3R2, Canada.	Principal Sankers	National Westminster Bank PLC 258 High Street Slough Berkshire SL1 1JX
	Vale Road Windsor Berkshire SL4 5JX	Principal Bankers to Tace pic	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
Stockbrokers  Reporting Accountants and Aud	Sheppards and Chase Clements House Gresham Street London EC2V 7AU and The Stock Exchange Itors Edward Moore & Sons Chartered Accountants	Receiving Bankers	National Westminster Bank PLC New Issues Department P.O. Box 79 Drapers Gardens 12 Throgmorton Avenue London EC2P 2BD

The following information should be Business  The Goring Kerr Group designs, develops sophisticated metal detection systems for industrial applications which it sells worldwic through overseas subsidiaries or its intermagents. The Group also manufactures level coweighers and photo-electric equipment and diactures products for the Ministry of Defence.  Profit record	and mar a wide de either i ational n ntrol devi
Years ended 30th September	Furnover £'000
1978	1.754
1979	1,700
1980 ·	1,997
1981	2,080
1982 ·	4,130
Seven months ended 30th April 1983	2,799

SUMMARY n conjunction with the full text of this Offer for Sale from which it is derived. Profit forecast Year ending 30th September 1983, not less anufactures £1,300,000 range of directly or Offer for Sale statistics vices, check Issued share capital — Ordinary shares of 10p each Market capitalisation of the 6,000,000 Ordinary shares | £12 million :ປະກ Earnings per share 19.0 times Price earnings multiple before 357-6 Gross dividend yield 2.1 times Dividend cover £'000 225 The above statistics are based, where appropriate, on the Minimum Tender Price of 200p per share and on the lorecast profit before taxation, the anticipated tax charge, the expected dividend for a full year and the issued share capital as at the date of this Offer

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 $(\mathbf{M}_{t})^{(k)} = \mathbf{I}^{(k)} \cdot \mathbf{I}^{(k)} = \mathbf{I}^{(k)}$ 

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The Group is a market leader in the design, development and manufacture of a range of high technology metal detection systems. Its systems are principally used in industrial applications, often in continuous production processes, and provide almost instantaneous and highly accurate detection of contaminating metal particles in a wide variety of products and raw materials and, where specified, rejection of such contaminated product. It also manufactures level control devices, photo-electric equipment and check weighers and

London EC1Y 4XB and 30/36 Fife Road

manufactures level control devices, proto-electric equipment and check weighers and develops and manufactures products for the Ministry of Defence.

The Group's particular expertise is based on its ability to combine its long experience of the technology of metal detection with its engineering design skills. This has enabled the Group to produce a range of detection systems incorporating its own specialised electronic circuits for use in a number of industrial applications both in the United Kingdom and abroad.

The business originated in 1948 when Bruce Goring Kerr was first involved in designing metal detectors and in 1952 it was incorporated as a limited company. The Company expanded by developing its product rarige to suit a wide variety of industrial applications and by establishing its home and export sales network, first appointing a North American agent for its metal detectors in 1963; this agency was acquired in 1981. In 1968, Tace pic ("Tace") purchased a 75% interest in the share capital of Goring Kerr which was increased to its present level of 90% in 1977.

The Company's earliest metal detectors were based on electrical valve technology. Over the years the Goring Kerr Group has benefited from technological improvements in electrical and electronic components, progressively incorporating into its systems transistors, printed circuits, integrated circuits and silicon chips, adapting these improvements in its own circuit designs to achieve enhanced product performance. As a result, its products have become more sensitive, more reliable and more robust. The latest range of more, sold under the more sensitive, more reliable and more robust. The latest range of modes, sold under the name Tektamet, which was introduced some two years ago, incorporates a number of Goring Kerr patented features. A description of the Tektamet nietal detector appears in this Offer for Sale. This range of sophisticated electronic metal detection systems has evolved as a result of the Group's continuous research and development programme.

Goring Kerr metal detection systems operate in environments ranging from the hygienic conditions required in the food and pharmaceutical industries and in medical applications, to the rugged conditions encountered in the mining and timber industries. The systems will detect magnetic and non-magnetic metal contamination which may be invisible. within the material being examined. According to specification, the metal to be detected will range in size from large pieces of broken machinery to minute particles, down to one quarter of

All Goring Kerr metal detection systems sold world-wide are manufactured in the United Kingdom, except for the mechanical conveying systems sold in North America which are manufactured by local sub-contractors to Goring Kerr's designs and specifications. Sales of metal detection systems accounted for more than 80% of the Group's turnover in the year ended 30th September 1982.

Applications for the Group's products

Food processing and pharmaceutical industries
In the food processing and pharmaceutical industries, Goring Kerr metal detection systems identify products containing contaminating metal and, where specified, automatically reject the product from the manufacturing process. This assists food processors and pharmaceutical manufacturers to maintain their standards of quality control and to protect consumers from metal contamination in finished products. The Company has increased the

range of speeds of its detection equipment and its automatic rejection systems to meet the requirements of modern automated production processes in these industries.

The food processing industry is the principal market for the Group's metal detection systems. The continued emphasis of producers and large retail chains on maintaining and improving the standards of their products and merchandise is expanding the markets for the Company's metal detection equipment, particularly overseas.

Other industries

In the textile, timber, plastics, rubber and mining industries, Goring Kerr's metal detection systems are used principally to identify metal objects in the raw materials used in the production process to prevent damage to processing equipment and the consequent loss of production time.

In the textile industry, Goring Kerr's metal detectors are used in identifying metal contamination in material of up to twenty feet in width, the larger systems being used in the materiature of carnets.

manufacture of carpets.

manufacture of carpets.

In the timber industry, Goring Kerr's metal detectors vary in aperture size from 10 inches by 4 inches for examining planks to 6 feet square for examining tree trunks. Objects found have included wire, nails, broken saw blades, shrapnel, horseshoes and artillery shells.

In the plastics and rubber industries, Goring Kerr's metal detectors have been developed to protect expensive moulds used in extrusion and injection moulding processes.

In the mining and quarrying industries, Goring Kerr's detectors will withstand the particularly demanding operating conditions and enable metal objects, such as detonators and excavator teeth, to be detected and removed before damaging the processing machinery.

The Company has applied its metal detector technology in developing a detector to In a Company has applied its metal detector technology in developing a detector to locate metal particles in eye and body injuries. The equipment also indicates whether the metal is magnetic or non-magnetic to assist the surgeon in deciding upon the best method of removal. The equipment is portable and has its own rechargeable power source, enabling it to be used in mobile hospitals and other locations.

Goring Kerr manufactures a number of other products, including continuous level indication and control equipment for bulk materials, photo-electric switching devices and check weighers.

Products developed for the Ministry of Defence have included armament test sets for military aircraft. The Company manufactures this product for the Ministry of Defence as well as mechanical release timing devices.

In the United Kingdom, the selling and marketing of the Company's products is carried out by its own specialised sales force and a specialist distributor. In North America and other parts of the world selling and marketing is cerried out by the Group's own sales force and an established network of agents.

Customers of the Goring Kerr Group include: Allied Mills Geo. Basse Smiths Food Group United Biscuits (UK) Geo. Bassett Associated Biscuits J W Thornton Associated biscuits
British United Shoe Machinery Co
Pronke Bond Oxo
Planters (of Romix Foods) Walkers Crisps Rank Hovis

In the year ended 30th September 1982, the Group supplied more than 500 customers with metal detection equipment; none of these customers accounted for more than 5% of the sales of the Group in this period.

All the Group's exports from the United Kingdom are invoiced in sterling and all sales by the North American subsidiaries are invoiced in US or Canadian dollars.

W. H. Stentiford & Co.

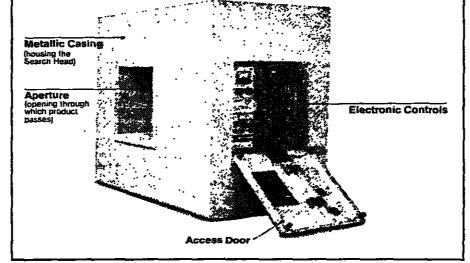
Essex CM8 2TS

The Product The Goring Kerr range of Industrial Metal Detectors are highly developed electronic devices capable of detecting contaminating metal particles in a wide variety of products and raw materials as they are passed through the Aperture. Typical sensitivities are in the order of 1 part in 50,000 which can be a metal particle as small as one quarter of a millimetre. Depending upon aperture size it is possible to detect larger particles travelling at

Construction A metal detector comprises two distinct components, namely the Search Head and the Electronic System, which are generally integrated into a single unit. Mechanical The mechanical design of the search head comprises an outer Metallic Casing

forming an electrical screen in which the electrical structure is enclosed to make an assembly designed to be resistant to vibration, temperature changes, water and dust. Electronics The system is capable of identifying particles of contaminating metal which may

only generate votages of one millionth of a volt to produce a usable signal which passes through a timing system to enable rejection systems to operate correctly. The electronics also monitor and compensate for changes in the system occurring as a result of external influences, and check the performance of the system as a whole. The electronic circuits designed by Goring Kerr incorporate integrated circuits and other electronic devices.



8 G Kerr, aged 64, has been a Director of the Company since its formation and was appointed President in 1975. Mr Kerr is Technical Director. He is an electronics engineer who leads the Company's research and development programme and co-ordinates the adaptation of the Company's products and systems to meet the particular needs of customers and

Markets.

J H M Mackenzie, aged 58, is non-executive Chairman. He has been connected with Goring Kerr since it was acquired by Tace in 1988. He was appointed Chairman of the Company on 3rd August 1983. He is Chairman of Tace and of London and Northern Group plc, a substantial shareholder in Tace.

R E Richardson, aged 43, the Deputy Chairman and Managing Director, has been Chief Executive of the Company for 8 years. During that period he has devoted a considerable amount of time to the affairs of Goring Kerr. In 1978, he was appointed to the board of Tace and shortly afterwards became its General Manager. Mr Richardson will continue to devote one third of his time to the affairs of Goring Kerr.

N D Butcher, aged 63, the Company Secretary, has been with the Company since 1957.

He has been Finance Director since 1960.

P J Haycock, aged 47, joined the Company in 1976 as an export marketing executive and was appointed Sales and Marketing Director in 1977.

B W Lewis, aged 47, joined the Company in 1952 and was appointed a Director in 1973.

From 1978 to 1983 he relinquished his executive responsibilities on taking up an appointment with another company in the Tace Group in order to broaden his experience. In January 1983, he resumed his position as Manufacturing Director. he resumed his position as Manufacturing Director.

J S Schutz, aged 52, is executive Vice-President of the Group's North American subsidiaries and has been involved in selling Goring Kerr's products in North America since 1963. He has dual British and Canadian nationality and was appointed a Director of the

Management and staff

The Group has approximately 140 employees, including Directors and senior executives. There are approximately 90 employees in manufacturing, assembly and production control; the research, development and design departments comprise 9 employees and sales, marketing and technical services departments have a total of 17 employees, with 7 employees in finance and administration.

There are 13 employees in North America. The North American operating subsidiaries are managed by Mr Schutz and Mr A Frei. Mr Frei, aged 48, joined the Company's North American agency in 1972. He became a Director of GK Systems Corporation, the Company's USA agent, in 1972 and was appointed a Director of the Canadian subsidiary when it was

Staff turnover is low and the Group has always enjoyed a good relationship with its employees. The Company has an insured contributory pension scheme for certain employees.

The Group's headquarters, research, production and sales operations are located in buildings of 35,000 sq. ft. on a site of 2.26 acres at Vale Road, Windsor, Berkshire held under a lease expiring on 25th June 2058 at a rent of £77,500 per annum with rent reviews every 14 years, the next review being due in 1997. The Directors consider that the Company has sufficient manufacturing space for its forecast requirements, although outline planning permission has been obtained for an extension of 10,000 sq. ft. to the factory premises at Windsor which will enable expansion to take place when required. The Group has office and factory accommodation, including service and repair facilities, in the USA and Canada, consisting of a 1.7 acre freehold property at Tonawanda, New York State providing 4,500 sq. ft. of accommodation, and lessehold premises of 2,800 sq. ft. at Scarborough, Ontario.

The results of the Group, based on the figures in the Accountants' Report in Appendix 1, for the five years ended 30th September 1982 and for the seven months ended 30th April 1983

	<b>.</b>		DO.L 6			morths ended
			ed 30th S			30th April
	1978	1979	1980	1981	1982	1983
	€,000	£'000	€.000	£'000	£'000	ይ'ዕፀህ
Turnover  — United Kingdom  — North America  — Rest of the world	1,065 450 239	1,003 364 333	1,095 555 347	1,052 602 426	1,204 2,382 544	603 1,892 304
- 1631 01 116 110110						
	1,754	1,700	1.997	2,080	4,130	2,799
Profit before taxation	225	135	280	376	952	762
Earnings per share In 1979, the high rate	1.88p of inflation	1.40p had an		3.15p effect		6.15p s. The Directors

therefore decided to concentrate on developing overseas markets in order to expand total sales since the United Kingdom market, particularly for food processing applications, had been established for many years and its requirements were considered less likely to provide the Group with opportunities for expansion, in 1981, in anticipation of the potential for the new Tektamet range of metal detection systems in the USA and Canada, the Group purchased its North American agency operations on terms which were partly based on future profitability. These factors have resulted in the Group's production facilities being concentrated during the

Institute of the Company and the North American agency operations has remained essentially the same following their acquisition by the Company. The acquisition of these operations produced a substantial increase in the Group's turnover, because their or these operations produced a substantial increase in the Group's turnover, decause their results fell to be consolidated as part of the Group, and also because of increased sales to North America. The contribution of these agency operations to the Group's profit before taxation amounted to £350,000 in the year ended 30th September 1982 and £417,000 in the period ended 30th April 1983. Details of the acquisition and the method of calculation, by reference to the future profitability of the North American agency operations, of the additional consideration payable are set out under Material Contracts in paragraph 11(a)(1) of Appendix 2

Profit forecast and dividends

The Directors forecast that, subject to unforeseen circumstances, the profit before taxation of the Group for the year ending 30th September 1983 will amount to not less than £1.3 million. The bases and assumptions on which this forecast is made and reports on it by Edward Moore & Sons and by Sheppards and Chase are set out in Appendix 2.

On the basis of the forecast profit before taxation for the year ending 30th September

On the basis of the forecast profit before taxation for the year ending 30th September 1983, and in the absence of unforeseen circumstances, the Directors intend to recommend a final dividend in respect of that year of 3p per share (4.29p gross) for payment in February 1984. If the Company's shares had been listed for a full year, the Directors would have expected, on the basis of the forecast profit before taxation, to have declared and recommended dividends totalling 5p per share (7.14p gross), of which approximately one third would have been paid as an interim dividend. It is expected that in future years interim and final dividends would normally be payable in August and February respectively.

The Directors expect that the forecast profit before taxation would be appropriated in a follower as followers.

full year as follows: Profit before taxation Taxation	£1,300.00 £670.000
Profit after taxation Dividends totalling 5p per share for a full year	£630,000 £300,000
Retained profit	£330,00

Earnings per share Based on the above figures the price earnings multiple at the minimum tender price would be 19.0 times. The expected dividends for a full year totalling 5p per share (7.14p gross) would be covered 2.1 times by profit after taxation and would provide a gross yield at the minimum tender price of 3.57%.

Following the Offer for Sale, Tace will own 62.5% of the issued share capital of the Company. The Board of Tace has informed the Directors that it intends to retain that shareholding in the Company as a long term investment and has agreed not to dispose of any shares in the Company before the results for the year ending 30th September 1984 are published without the consent of Sheppards and Chase. Goring Kerr will operate as an independent autonomous company under the direction of the board of Goring Kerr and any transactions, financing arrangements or services provided between Goring Kerr and any other member of the Tace Group will be conducted or charged on a normal arm's length basis. The Boards of Tace and Goring Kerr have agreed in principle that it will be in the common interests of both groups not to carry on any new business which will compete with a business of the

Goring Kerr is not raising any funds directly under the Offer for Sale but Tace has agreed that it will, following the Offer for Sale, repay all inter company loans from the Group to Tace as detailed in paragraph 10 of Appendix 3.

Reasons for the Offer for Sale

The Directors have concluded that the enhanced status of a separate listing is a logical

step in the development of the Group which will give it further flexibility to expand its business and will assist the Group in taking advantage of the increasing market for its products, both at home and abroad. The Directors consider that as a result of being able, following the Offer for Sale, to issue marketable securities as consideration, the Company will be in a better position to take advantage of the opportunities that they believe will arise to make acquisitions in similar or related fields. No acquisitions are under consideration at the present time.

The Directors consider that the increasing awareness of manufacturers throughout the world of the benefits of protecting their production processes and machinery from damage by contaminating metal and the requirements of retailers and consumers for higher standards of quality control will maintain an increasing demand for sophisticated high technology metal detectors. The Directors believe that the current level of orders reflects the success of the Tektamet range in meeting this demand and that continuing development of this range, further applications for it and new products will enable the Group to continue its growth and expansion. The Directors are also seeking to expand the development and manufacture of products for defence and other applications. These factors lead the Directors to view the future

20									
The following is a copy of a report on t	APPENDOX 1 cccumtants' Report on the Group the Group by the auditors of Goring K			7. Tangible fixed assets			leasehoid veh	P!J.:t, schinery, scles and	Total
Vale Road G	heppards and Chase laments House resham Street	London	pwefi Street n ECTY 4XB	Goring Kerr Gröup Casi al 30th September 1982 Accumulated deprecation		£:500 8: (17)	106 1971	271 (1791	Total £7660 =58 (293)
Berkshire  Gentlemen  We have examined the accounts of Gori  Group") covering the accounting periods from	orden CZV 7AU ng Kerr pic ("Goring Kerr") and its sub: 1st October 1977 to 30th April 1983 We	sidiaries (see note 8) ("the G	ember 1983 Goring Kerr moanles in	Net book value at 30th September 1992 Cost at 30th April 1993 Accumulated depreciation		64 89 (20)	9 106 (104)	92 308 (192)	165 503 (316)
by other auditors.  The information set out in Section A belor to 30th September 1981 and, for the subsequent on these accounts were unqualified. No adult	wered by in a report, other than oversea or is based on the audited historical cost themads, is based on such accounts of the	e supplements which have be escounts of Goring Kerr for t he Goring Kerr Group. The st	the periods	Net book value at 30th April 1983 Goring Kerr Cost at 30th September 1982 Accumulated depreciation			198 (97)	261 (173)	367 (270)
purposes of tree reports  In our opinion the historical cost inform source and application of funds of the Goring K Kerr Group and of Goring Kerr at 30th Septemb No audited accounts have been prepared	ation set out in Section A below gives or Group for each of the periods stated or 1982 and 30th April 1983. I for any period subsequent to 30th Apri	a true and fair view of the I and of the state of effairs of it 1983.	profits and the Gening	Net book value et 30th September 1982 Cost at 30th April 1982 Accumulated depreciation		葟	9 166 (104)	88 295 (184)	97 401 (298)
We have reviewed, without carrying out of her been prepared on the basis of the accounting A. HISTORICAL COST INFORMATION	on audit, the supplementary current cos	t information in Section 8 be	alowwhich	Net book value at 30th April 1983 In the opinion of the Directors the freehold and use bests of £100,000 and £2,000 respectively.	d leasehold p	roperties currently	2	112	113
A.1 Group Profits	Vocan anded 200	th Casaranhan	Seven months ended	S. Subsidiary companies investments in subsidiary companies (all of v					
Turnover Cost of sales and operating	£'000 £'000 £'1(b) 1,754 1,700 1	1980 1981 1982 7000 £7000 £7000 ,997 2,080 4,130	1983 £ 1980 2,799	nomprised: Held directly Goring Kerr International Limited Held indirectly*		Engla	OCIETION	tsaued ar pard cap £5,000 US \$127.	ıtal
expenses Other income Interest payable		.686) (1.712) (3,165) 311 368 965 4 38 40 (35) (28) (53)	(2,044) 755 40 (33)	Goring Kerr Holdings Inc. Goring Kerr Management Inc. Goring Kerr Inc. Goring Kerr Cenada Inc.  "This subsidiary group was established follor capital of GK Systems Corporation Inc. and the busin	wing agreem	USA USA USA Const ents, effective from	sa n ist October 19	US \$508, US \$1,00 Can \$2	525 0
Profit on ordinary activities before taxation Taxation Profit after laxation	4 (112) (51) ( 113 84	280 376 952 (151) (187) (482) 129 189 470	762 (393) 369	capital of GK Systems Corporation line, and the busin in Canade a company which operated in Canade an line, With effect from list October 1982 the business ca "Kert Inc.					
Dividends Profit retained Earnings per share	5 [66] (50) 15 47 34 6 1.88p 1.40p 3	(77) (104) (211) 52 85 159 2.15p 3.15c 7.83c	369 6.15p	3. Stock and work in progress			ember 1982 Goring Kerr £000	At 30 Soring Ferr Group £'000	th April 1983 Goring Kerr £'000
A.2 Group Statement of Source and Application	on of Funds		Seven	Raw materials and consumables Work in progress Finished goods		£ 100 232 198 246	231 198 88	240 217 265	240 217 93
	Years ended 30th Septembe 1978 1980 £'000 £'000 £'000	er 34 1981 1982 £1000 £1000	months ended 0th April 1983 £'000	10. Debtors		676 Az 30th Septe	517  smber 1982	722 At 30	550  th April 1983
Source of Funds Profit on ordinary activities before taxistion Adjustments for items not involving the movement of funds	225 135 280	376 952	762	ia) Other Trade debrors		Garing Kerr	Goring Kerr £'060 466	Group Group £'309 1,094 66	Garing Kerr £°000 \$50
Deprecation Surplus on disposal of fixed assets Exchange rate educatments Total generated from operations	29 30 34 11' (4) 	37 42 (21) 42 12	26 	Prepayments  (b) Included in amounts owing to Goring Kerr by s	nubajdiary co	869	6 472 10 at 30th Septen	1,160	581
Funds from other sources Sank loan	254 164 310  254 164 310	392 1,006 — 380 392 1,366	788 	30th April 1983 due in more than one year.  11. Other creditors falling due within one year		At 30th Septe	ember 1982	At 30	th April 1983
Application of Funds Goodwill arising on acquisition of subsidianes Tauston and payments for croup reter	37 98 128	179 zro 303	124 310	Trade creditors Taxation and social security		Goring Kerr Group £000 338 97	Goring Kerr £'000 263 31	Group Group £'000 367 123	Goring Kerr £000 271 4
Dividends perd Net purchase of foxed assets	69 38 81 21 10 54 127 146 263	94 118 (13) 97 281 697	254 42 730	Other creditors Accruels Proposed dividend		137 216 254 1,042	17 104 254 669	203  883	131 — 473
Increase in working capital Represented by Increase (decrease) in	127 18 47	111 669		. 12. Creditors failing due after more than one year		At 30th Septem		_	 1983 Inda
Stock and work in progress Batances with holding and fellow subsidiary companies Debtors Creditors	53 71 (12) (8° (13) (22° 1 68 32 5 (66) 22	32 174 14 231 54 232 (11' (353)	"31 103 246 (41)	Bank loan of US\$ 610,000 repayable in five equal annual instalments from 10th December 1993		Gonna Kerr	Gor ring Kerr £090	ring Kerr	oring Kerr £1000
Benk balances and cash	78    42   27     127   18   47	111 669		aminos installing due within one year Carrying Interest at 1/2% per ennum above Libor Proportion falling due within one year Taxation		360	360	391 (78) 201	391 (78) 201
The source and application of funds statement to subsidiary companies as follows:—  Tangible fixed assets  Stock and work in progress	or the year ended 30th September 1982 i £°000 70 Creditors 200 Taxabon	includes the effect of the acq	€000	The bank loan is secured by way of a floating cl property.	harge over G	 oring Kerr's assets	360 anid a fixed char	514 ge Over its lor	514 ng leasehold
Debtors Bank belances and cash Goodwid	277 240 178 Consideration payable	e in cash	512	13. Bank loan and overdraft		At 30th Septe Goring Kerr Group (		oring Kerr	th April 1383 Garing Kerr
The source and application of funds statement ( ishown as goodwill) in respect of additional con 17).	or the seven months ended 30th April	1963 includes an amount of K. Systems Corporation inc.		Aggregate amount outstanding		£000 383	2000 360	£000 533	£000 533
A.3 Balance Sheets	At 30th Septembe Goring Kerr	Goring Kerr	ก์ไ 1983	14. Shere cepital		At 30th Septe Goring Kerr Group G £000	mber 1982 Gioring Kerr £009	oring Kerr	h April 1983 Goring Kerr £'000
Fixed assets Intergible Tangible	Group Goring Note £'000 1(e) 179 7 165	g Kerr Group Gori E'000 £'000 364 97 187	1000	Authorised, Issued and fully paid: 77,000 Ordinary shares of £1 each As a result of the capitalisation issue of shares:	since 30th Ap	77	77	77	77
Investment in subsidiary company at cost	8	6 — 103 551	_	date of this report is:— Ordinary shares of 10p each		,	Authorised £800,000	Jessued and fu El	lly paid 500,000
Current assets Stock and work in progress Debtors Holding and fellow subsidiary	9 676	517 722	550	15. Reserves	_				Seven months ended
companies Subsidiary companies Other	267 10(b) 10(a) 889	69 516 810 — 472 1,160	11 1,031 581	Profit and loss account—	1976 £'000	fears ended 30th S 1979 198 £'000 £'00	0 1981	1982 £000	\$30th April 1983 2000 626
Bank balances and cash	311	45 169		At beginning of period	249	296 33	0 382		
Current liabilisles Bank loan and overdraft—secured		45 189 1,913 2,567 — (220)	2,173	At beginning of period Profit retained Distributable reserves at end of period Exchange rate adjustments	256	34 5 330 38	2 467	626 12	369 996 95
Current liabilities	2.123 (23) (301) 11 (1,042)	1,913 2,567 — (220) (301) (306) (669) (883)	2,173 (220) (247) (473)	Profit retained  Distributable reserves at end of period Exchange rate adjustments Share premium  Total reserves  Included above are accumulated retained profit	256 26 322	34 5 330 38 26 2 356 40	2 <u>85</u> 2 467 6 26 8 493	626 12 26 664	995 95 26 1,116
Current liabilities Sank loan and overdraft—secured Holding and fellow subsidiary companies Other creditors falking due within one year Net current assets Total assets loss current liabilities	2,123 (23) (301) (1,042) (1,366) 757	1,913 2,567 — (220) (301) (306)	(220) (247) (473) (940) 1,233	Profit retained  Distributable reserves at end of period Exchange rate adjustments  Share premium  Total reserves  Included above are accumulated retained profit April 1983.  Since 30th April 1983, the share premium acco	256 26 322 25 of subsidia ount and £49	34 5 330 38 26 2 356 40 ries of £55,000 at 30 7,000 of the balance	2 467 6 26 8 493 7th September 1	626 12 26 664 982 and C355	995 95 26 1,116
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary companies Other creditors falling due within one year  Net current assets Total assets less current liabilities Creditors falling due after more than one year.  Net assets	2.123 (23) (23) (1) (1,042) (1,366) 757	1,913 2,567  — (220) (301) (308) (683) (883) (970) (1,411) 943 1,156	2.173 (220) (247) (473) (940) 1.233 1,352 (514)	Profit retained  Distributable reserves at end of period Exchange rate adjustments Share premium  Total reserves  Included above are accumulated retained profit April 1983.  Since 30th April 1983, the share premium accompitatived and applied in paying up in full 5,230,000 0  16. Capital commitments	256 26 322 25 of subsidia ount and £49	34 5 330 38 26 2 356 40 rises of £55,000 et 37 7,000 of the balances of 10p each in 6 At 30th Segress Gonng Kerr	2 467 2 467 6 26 8 493 3th September 1 2e on profit and Goring Kerr.	628 12 26 664 982 and C355 loss account At 30th pring Kerr Group (	995 95 26 1,116 .000 at 30th have been 1 April 1983 Soring Kerr £000
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary companies Other creditors falling due within one year  Net current assets Total essets less current liabilities Creditors falling due after more than one year	2.123 (23) (23) (1,042) (1,042) (1,366) 757 1,101	1,913 2,567  (220) (301) (306) (669) (683) (970) (1,411) 943 1,156 1,046 1,707 (360) (514)	2.173 (220) (247) (473) (940) 1.233 1,352 (514) 838	Profit retained  Distributable reserves at end of period Exchange rate adjustments Share premium  Total reserves  Included above are accumulated retained profit April 1983.  Since 30th April 1983, the share premium accompitatived and applied in paying up in full 5,230,000 C  16. Capital commitments  Authorised but not contracted	256 26 322 25 of subsidia burnt and E49 Ordinary Sha	34 5 330 38 26 2 356 40 7,000 of the balances of 10p each in George Group Grou	2 85 2 467 6 26 8 493 bith September 1 22 on profit and foring Karr.  mber 1982 oring Kerr £ 000	628 12 26 664 982 and C355 loss account At 30th oring Kerr Group £000 12	995 95 26 1,116 .000 at 30th have been April 1983 Soring Kerr £000
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary compenies Other creditors falling due within one year  Net current assets Total assets less current liabilities Creditors falling due after more than one year  Net assets Capital and Reserves Share capital Reserves  Notes 1. Accounting policies	2.123 (23) (301) (1,042) (1,366) 757 1,101 12 (360) 741 14 77 15 664 241	1,913 2,567  (220) (301) (306) (683) (683) (983) (970) (1,411) 943 1,156 1,707 (360) (514) 686 1,193  77 77 609 1,116 686 1,193	2.173 (220) (247) (473) (940) 1.233 1,352 (514) 838 77 761	Profit retained  Distributable reserves at end of period Exchange rate adjustments Share premium  Total reserves  Included above are accumulated retained profit April 1983, Since 30th April 1983, the share premium accupitalised and applied in paying up in tull 5,230,000 C	47 296 26 322 25 of subsidia 377 378 378 378 378 378 378 378 378 378	34 5 330 38 76 2 356 40 7,000 of the balances of 10p each in 6 At 30th Septes Goring Kerr Group G 100 nill share capital of 1 corporation inc. an	2 85 2 467 6 26 8 493 Ith September 1 20 on profit and Joning Kerr.  There 1982 oring Kerr £ 000 Anil  G.K.Systems C.d Goring Kerr is to the two fines for the control of the two for the court of the two for the	628 12 26 664 664 685 account for any first form (From Cross form Cross form formation in a control of the first formation in a control of the control of the first formation in a control of the first formation in a control of the first formation in a control of the first formation in a control of the first formation in a control of the first formation in a control of the control of the control of the control of the control of the control of the control of th	995 95 26 1,116 .000 at 30th have been 1 April 1983 Goring Kerr 2000 12 Is to be ak over the anding 30th naking 30th
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary companies Other creditors falking due within one year  Net current assets Total essets less current liabilities Creditors falling due after more than one year.  Net assets Capital and Reserves Share capital Reserves  Notes 1. Accounting policies The principal accounting policies adopted (a) Bass of accounting and consolidation The consolidated accounts, which include the historical cost convention except for the effe	2.123   (23)   (301)   (1.042)   (1.042)   (1.366)   (	1,913 2,567  — (220) [3011 3006 (669) 6833 [970) (1,411)  943 1,156 1,046 1,707 [360] (514) 686 7,193  77 77 609 1,116 696 1,193  set out in this report are as instillation, are presented on the	2.173 (220) (247) (473) (940) 1.233 1,352 (514) 838 77 761 838	Profit retained  Distributable reserves at end of period Exchange rate adjustments Share premium  Total reserves Included above are accumulated retained profit April 1983.  Since 30th April 1983, the share premium acccopitatised and applied in paying up in full 5,230,000 C  16. Capital commitments  Authorised but not contracted  17. Contingent liabilities Additional consideration payable for the puncalulated by reference to the combined profits of Cibusness of G K Systems Corporation line, with effect is September 1983 and 1994 and payable in cash not last Profits (USS)  Up to 160,000 160,001-180,000 160,001-180,000 180,001-200,000 200,001-200,000	47 296 26 322 25 of subsidia 377 378 378 378 378 378 378 378 378 378	34 5 330 38 76 2 356 40 7,000 of the balances of 10p each in 6 At 30th Septes Goring Kerr Group G 100 nill share capital of 1 corporation inc. an	2 85 2 467 6 26 8 493 Ith September 1 20 on profit and Joning Kerr.  There 1982 oring Kerr £ 000 Anil  G.K.Systems C.d Goring Kerr is to the two fines for the control of the two for the court of the two for the	628 12 26 664 664 685 account for any first form (From Cross form Cross form formation in a control of the first formation in a control of the control of the first formation in a control of the first formation in a control of the first formation in a control of the first formation in a control of the first formation in a control of the first formation in a control of the control of the control of the control of the control of the control of the control of th	995 95 26 1,116 0,000 at 30th have been 1 April 1983 Goring Kerr £ 0,000 12 12 12 13 14 15 15 15 15 15 15 15 15 15 15 15 15 15
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary compenies Other creditors falling due within one year  Net current assets  Total essets less current liabilities Creditors falling due after more than one year  Net assets Cepital and Reserves Share capital Reserves  Notes  1. Accounting policies The principal accounting policies adopted (a) Bass of accounting and consolidation The consolidated accounts, which include the historical cost convention except for the effe	2.123  (23)  (301)  (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  241  In arriving at the financial information the accounts of Goring Kerr and its subcts of translation of foreign currencies, de the Goring Kerr Group and excludes offits at current rates, Deferred taxation of financial to the accounts of the accounts of Goring Kerr Group and excludes offits at current rates, Deferred taxation of financial translation of foreign currents.	1,913 2,567  — (220)  (301) (306) (683) (683) (970) (1,411)  943 1,156 1,707 (360) (514) 686 1,193  77 77 609 1,116 686 1,193  set out in this report are as faciliaries, are presented on the status of the status	2.173 (220) (247) (473) (940) 1.233 1,352 (514) 838 77 761 838	Profit retained  Distributable reserves at end of period Exchange rate adjustments Share premium  Total reserves Included above are accumulated retained profit April 1983.  Since 30th April 1983, the share premium accc capitalised and applied in paying up in full 5,230,000 C  16. Capital commitments  Authorised but not contracted  17. Contingent liabilities Additional consideration payable for the pun calculated by reference to the combined profits of G business of G K. Systems Corporation Inc. with effect is September 1983 and 1994 and payable in cash not less Profits (USS)  Up to 160,000 160,001-180,000 180,001-20,000 201,001-20,000 201,001-240,000 Over 240,000 Over 240,000 Calculated separately in respect of each level of profi-	256 26 322 as of subsidial count and £49 Ordinary Sha	34 5 330 38 26 2 356 40 356 40 7,000 of the balances of 10p each in 0 At 30th Septer Groung Kerr Groun	2 85 2 467 6 26 8 493 Oth September 1 22 on profit and foring Kerr. There 1982 Go mid September 1982 Go mid September 1982 Go mid September 1983 Go mid Se	638 12 26 664 982 and C355 loss account pring Kerr Group £000 12 12 12 orporation in nc. (which too used periods a id periods.	995 95 26 1,116 .000 at 30th have been 1 April 1983 Goring Kerr £ 000 12 12 12 14 15 16 17 18 18 19 18 18 18 18 18 18 18 18 18 18 18 18 18
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary corregences Other creditors falling due within one year  Net current assets  Total assets less current liabilities Creditors falling due after more than one year.  Net assets Capital and Reserves Share capital Reserves  Net assets  1. Accounting policies adopted (a) Basis of accounting policies adopted the historical cast counting and consolidation The correolidated accounts, which include the historical cost convention except for the effe (b) Turnover Turnover represents sales to parties outsi (c) Taxascon Corporation tax is provided on taxable pri to the eatent that the Directors are of the opinion (d) Research and development Research and development Goodwill Goodwill is the excess of the cost fundation the value of their net assets at the time of acquis	2.123  (23)  (301)  (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  241  In arriving at the financial information the accounts of Goring Kerr and its subces of translation of foreign currencies, de the Goring Kerr Group and sociades of the current rates, Deferred taxation in that such taxation may become payable of the translation of the same payable of the first accurrent rates, Deferred taxation in that such taxation may become payable of the first accurrent rates, Deferred taxation in that such taxation may become payable of the first accurrent rates, Deferred taxation in that such taxation may become payable of the first accurrent rates, Deferred taxation when accertain	1,913 2,567  — (220)  [301] (306) [669] (308) [970] (1,411)  943 1,156 1,046 1,707 [360] (514) 686 7,193  77 77 609 1,116 686 1,193  set out in this report are as insidiaries, are presented on the set out in the foreseeable future.	2.173 (220) (247) (473) (940) 1.233 1,352 (514) 838 77 761 838	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium acccapitalised and applied in paying up in full 5,230,000 C 16. Capital commitments  Authorised but not contracted  17. Contingent liabilities Additional consideration payable for the puncalculated by reference to the combined profits of G. business of G.K. Systems Corporation lac, with affect is September 1983 and 1994 and payable in cash not last Profits (USS) Up to 160,000 160,001-200,000 190,001-200,000 220,001-240,000 Qver 240,000	256 26 322 a of subsidial chart and £49 Ordinary Sha	34 5 330 38 76 2 356 40 356 40 7,000 of the balances of 10p each in 6 At 30th Septes Goring Kerr Group G 100 nill share capital of 1 corporation Inc. an or 1982 in respect	2 85 2 467 6 26 8 493 Ith September 1 2 on profit and Joning Kerr £ 000 nil  G.K. Systems C. d Goring Kerr is county for the book of the said seach of the said stember 1983 a	638 12 26 664 982 and C355 loss account pring Kerr Group £000 12 12 12 orporation in nc. (which too used periods a id periods.	995 95 26 1,116 .000 at 30th have been 1 April 1983 Goring Kerr £ 000 12 12 12 14 15 16 17 18 18 19 18 18 18 18 18 18 18 18 18 18 18 18 18
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Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary corregences Other creditors falling due within one year  Net current assets Total essets less current liabilities Creditors falling due after more than one year.  Net assets Capital and Reserves Share capital Reserves  Net assets  1. Accounting policies The principal accounting policies adopted (a) Basis of accounting and consolidation The consolidated accounts, which include the historical cost convention except for the effect of the cost of the opinion (b) Turnover represents sales to parises outsi (c) Turnover represents sales to parises outsi (c) Turnover intervention except for the effect of the extent that the Directors are of the opinion (d) Research and development Research and development Research and development (e) Goodwill Goodwill Goodwill Tangble fixed assets are stated at cost less townto off the net cost of the assets Tangble fixed assets Tangble fixed assets are stated at cost less townto off the net cost of the assets over them of the property Plant, machinery, valicles and equipment (g) Investments in subsidiary companies Investments in subsidiary companies where the cost, the lower to account the level of considered to be lower than cost, the lower for considered to be lower than cost, the lower for considered to be fower than cost, the lower four (ii) Foreign current set in the considered to be fower than cost, the lower four (iii) Foreign currents	2.123  (23)  (23)  (301)  (1,042)  (1,366)  757  1,101  12	1,913 2,567  - (220)  (301) (306) (669) (883) (970) (1,411)  943 1,156 1,046 1,707 (360) (514) 686 1,193  77 77 609 1,116 686 1,193  set out in this report are as I sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries and the sidilaries of sidilaries and finished goods is sidilaries, where net realisable is value at calculated by residual sidilaries, where net realisable is value at calculated by residual sidilaries, where net realisable is value at calculated by residual sidilaries, where net realisable is value at calculated by residual sidilaries, where net realisable is value at calculated by residual sidilaries, where net realisable is value at calculated by residual sidilaries.	2,173 (220) (247) (473) (940) 1,233 1,352 (514) 838 77 761 838 follows:— he besis of taxardon districts over eccounts, land so as the second s	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium acco- capitalised and applied in paying up in full 5,230,000 C 16. Capital commitments  Authorised but not contracted  17. Contingent Rabilities Additional consideration payable for the pun- calculated by reference to the combined profits of G, business of S K. Systems Comparation Inc. with effect to September 1983 and 1994 and payable in cash not last Profits (USS) Up to 160,000 150,001-190,000 150,001-190,000 150,001-20,000 220,001-240,000 "Calculated separately in respect of each level of profit of the basis of the amicipated combined profit become payable in respect of that period.  18. Holding company Tace pic, incorporated in England, owns 90% of  B. CURRENT COST INFORMATION B.1 Group current cost profit end loss accounts  Turnover Historical cost operating profit before Interest Current cost operating adjustments  Current cost operating profit before Interest Current cost operating profit before texation	256 26 322 a of subsidial chart and £49 Ordinary Sha	34 5 330 38 36 2 356 40	2 85 2 467 6 26 8 493 7th September 1 2 on profit and coning Kerr. There 1982 oring Kerr (1983) G.K.Systems C. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G. (1986) G.K.Systems G.	628 12 26 664 12 26 664 12 26 664 12 26 664 12 26 664 12 26 664 12 26 12	995 95 26 1,116 000 at 30th have been 1 April 1983 Soring Kerr 2000 12 12 13 15 15 15 17 27 35 93,000 will Seven incontribs ended the April 1983 1983 1993,000 will 1983 1993,000 will 1983 1993,000 will
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CURRENT COST INFORMATION 8.1 Group current cost profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost profit after taxation Taxation  Dividends Current cost profit before taxation Taxation  Dividends Current cost profit before taxation Taxation  Dividends Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation Taxation  Dividends Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost quality in progress Monetary working capital  Financed by Issuer after taxation transferred	256 26 322 a of subsidial chart and £49 Ordinary Sha	34 5 330 38 76 2 356 40 356 40 rises of £55,000 at 30 7,000 of the balance of 10p each in 6 At 30th Septes Goring Kerr Group G	2 85 2 467 6 26 8 493 ht September 1 2 on profit and foring Kerr.  The 1982 or ing Kerr is 1 2 or ing Kerr is 1 3 or ing Kerr i	### 12	995 955 26 1,116 .000 at 30th have been April 1983 .3oring Kerr £000 £12 .c. is to be ak over the moining 30th sideration of Profits 15 27 35 92,000 will  Seven months ended bth April 1983 £1000 2,798 795 (383) 795 (383) 795 (383) 795 797 11 1333 342 342 5,70p  bth April 1983 £000 264 777 1,198 364 777 1,988 364
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary corregenes Other creditors falling due within one year  Net current assets Total essets less current liabilities Creditors falling due after more than one year.  Net assets Capital and Resérves Share capital Reserves  Net assets  In principal accounting policies adopted (a) Basis of accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal convention except for the effect of Turnover represents sales to parties outside (a) Turnover represents assets are stated at cost are write (a) Condwill Goodwill  2.123  (23)  (23)  (301)  (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  241  In arriving at the financial information the accounts of Goring Kerr and its subtest of translation of foreign currencies. de the Goring Kerr Group and excludes of its at current rates. Deferred taxation in that such taxation may become payables offits at current rates. Deferred taxation in that such taxation may become payables offits at current rates. Deferred taxation in that such taxation may become payables of in the year of expenditure. If general consideration when secretal information and is treated as an intengible fixes a accumulated depreciation. Depreciation and is treated as an intengible fixes a accumulated depreciation. Depreciation and is treated as an intengible fixes a accumulated depreciation. Depreciation and is treated as an intengible fixes a accumulated depreciation. Depreciation and is treated as an intengible fixes a committed and in the same of the constitution of the constitution of the constitution costs.  The same of the cost of	1,913 2,567  (220)  (301) (306) (883)  (970) (1,411)  943 1,156  1,046 1,707  (360) (514)  686 7,193  77 77  609 1,116  686 1,193  set out in this report are as if sidilaries, are presented on the s	2.173 (220) (247) (473) (940) (1.233 (514) 838 777 761 838 7761 838 777 840 60llows:— he besis of taxation circles over secounts, land so as selected	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium acccapitalised and applied in paying up in full 5,230,000 G 16. Capital commitments  Authorised but not contracted  17. Contingent liabilities Additional consideration payable for the puncalculated by reference to the combined profits of G insurance of K Systems Corporation Inc. with effect September 1983 and 1994 and payable in cash not late Profits (USS)  Up to 160,000 160,001-180,000 160,0	256 26 322 a of subsidial chart and £49 Ordinary Sha	34 5 330 38 76 2 356 40 356 40 rises of £55,000 at 30 7,000 of the balance of 10p each in 6 At 30th Septes Goring Kerr Group G	2 85 2 467 6 26 8 493 7th September 1 2 on profit and foring Kerr.  There 1982 or 1880 6 GK. Systems C (d Goring Kerr is 1981) 6 GK. Systems C (d Goring Kerr is 1981) 7 on 1981 1981 1981 1981 1981 1981 1981 1981	638 12 26 664 12 26 664 12 26 664 12 26 664 12 26 664 12 26 664 12 26 12	995 95 26 1,116 000 at 30th have been 1 April 1983 3oring Kerr 2000 12 12 15 15 247 25 27 25 92,000 will  Seven months ended lith April 1983 2700 2738 795 (38) 757 111 (33) 725 (38) 757 111 (33) 725 (38) 757 71 759 264 364 777 788 1,198	
Current liabilities Bank loan and overdraft—secured Holding and fellows subsidiary companies Other creditors falling due within one year  Net current assets Total essets less current liabilities Creditors falling due after more than one year.  Net assets Capital and Resérves Share capital Reserves Share capital Reserves  1. Accounting policies The principal accounting policies adopted (a) Bass of accounting and consolidation The consolidated accounts, which include the historical cost convention except for the effe (b) Turnover Turnover represents sales to parties outsi (ci) Research and development costs are write (ci) Research and development costs are write (ci) Goodwill Goodwill Goodwill Goodwill Goodwill Goodwill Goodwill Goodwill (i) Fired assets Tangible fined assets at the time of acquisition who will be not to the assets over their extraord buildings in USA. Long leasehold property Plant, machinery, whiches and equipment (gi) investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments in subsidiary companies investments and development.  (b) Foreign currences Flaw materials and component parts have sluded at cost, which includes an appropriate considered to be lower than cost, the lower figurent sching prices of hinahida panies and includes in propriate and includes and includes and include and i	2.123  (23)  (23)  (301)  11 (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  741  14 777  15 664  741  14 777  15 664  741  16 67 741  17 75 664  741  18 665  757  19 757	1,913	2.173 (220) (247) (473) (940) (1.233 (514) 838 77 751 838 77 751 838 77 751 838 60llows:— ha basis of faziation fazias over- scroums, land so as for value is levelue is levelue is levelue is levelue is levelue is levelue is levelue is levelue is levelue scroums, land so as Seven months ended 30th April 1983 £000 40 40 40 Seven months ended 30th April 1983 £000 201 201 202 303 201 201 202 303 201 201 201 201 201 201 201 201 201 201	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium acccapitalised and applied in paying up in full 5,230,000 C 16. Capital commitments  Authorised but not contracted  17. Contingent liabilities Additional consideration payable for the puncalculated by reference to the combined profits of G. Bysterns Comparation Inc. with effect September 1983 and 1994 and payable in cash not less Profits (USS) Up to 160.000 160.001-180.000 160.001-180.000 160.001-200.000 220.001-240.000 "Calculated separately in respect of each level of profit of the basis of the anticipated combined profit become payable in respect of that period.  18. Holding company Tace pic, incorporated in England, owns 90% of B. CURRENT COST INFORMATION 8.1 Group current cost profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost profit after taxation Taxation  Dividends Current cost profit before taxation Taxation  Dividends Current cost profit before taxation Taxation  Dividends Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost profit after taxation Taxation  Dividends Current cost profit after taxation transferred to reserves Current cost profit after taxation transferred to reserves Current cost quality in progress Monetary working capital  Financed by Issuer after taxation transferred	256 26 322 as of subsidia bunt and £49 Ordinary Sha chase of the K. Systems Coon 1st October than 6 moo	34 5 330 38 36 2 356 40	2	628 12 628 12 12 12 12 12 12 12 12 12 12 12 12 12	995 955 1,116 000 at 30th have been April 1983 Goring Kerr £000 12 12 12 13 14 15 15 15 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18
Current liabilities Bank loan and overdraft—secured Holding and fellows subsidiary companies Other creditors falling due within one year  Net current assets Total essets less current liabilities Creditors falling due after more than one year.  Net assets Capital and Reserves Share capital Reserves Share capital Reserves  Notes 1. Accounting policies The principal accounting policies adopted (a) Basis of accounting and considiation. The possibilities accounts, which include the historical cost convention except for the effe (b) Tumover Turnover represents sales to parties outside (c) Taxabon. Corporation tax is provided on taxable price to the extent that the Directors are of the opinion (d) Research and development costs are write. Goodwill is the excess of the cost finchulm the value of their net essets at the time of acquisition of the research and development costs are write. Goodwill is the excess of the cost finchulm the value of their net essets at the time of acquisition of the research and development costs are write. Goodwill is the excess of the cost finchulm the value of their net essets at the time of acquisition of the net cost of the assets over their effects of the assets over their effects of the network of the netw	2.123  (23)  (23)  (301)  (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  241  It is arriving at the financial information the accounts of Goring Kerr and its subtoof translation of foreign currences, de the Goring Kerr Group and excludes offits at current rates, Deferred taxation in that such taxation may become payable the off in the year of expenditure.  9 deferred consideration when ascertainion and is treated as an integrable five a accumulated depreciation, Depreciation assumated useful lives as follows:  1 stated at cost.  1 been valued at direct cost. Work in programment of production overheads in in unres have been uncluded. Not realisable stratebution costs.  2 stated at cost.  2 been valued at office cost. Work in programment of production overheads in in unres have been uncluded in operating to in exchange are included in operating on exchange are included in operating from the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in the programment of production overheads in in in the place of the programment overhead overhead overheads over his programment overheads overhead overhead overheads overhead overheads overhead overheads overhead overheads overhead overheads overheads overheads overheads overhead overheads overhead overheads ov	1,913 2,567  - (220)    3011 (306)   (5683) (3083)   (5083) (3083)   (5083) (3083)   (5083) (3083)   (5083) (3083)   (5104) (3104)   (5104) (3	2,173 (220) (247) (473) (940) (1,233 (514) 838 777 761 838 7761 838 777 761 838 778 (6)llows:— he basis of textation fetication feti	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium acc aphalised and applied in paying up in full 5,230,000 c 16. Capital commitments  Authorised but not contracted  17. Contingent liabilities Additional consideration payable for the puncasculated by reference to the combined profits of Cabinaness of Sr. System Corporation lac, with effect in September 1983 and 1994 and payable in cash not lan Profits (USS)  Up to 160.000 160,001-180,000 180,001-200,000 200,	256 26 322 as of subsidia bunt and £49 Ordinary Sha chase of the K. Systems Coon 1st October than 6 moo	34 5 330 38 36 2 356 40	2 85 2 467 6 26 8 493 7th September 1 2 on profit and foring Kerr. Ther 1982 oring Kerr is 1983 a stember 1983	638 12 2 664 12 2 664 12 2 664 12 2 664 12 2 664 12 2 664 12 2 664 12 2 664 12 2 664 12 12 12 12 12 12 12 12 12 12 12 12 12	995 95 26 1,116 000 at 30th have been 1 April 1983 3oring Kerr £000 12 12 15 16 18 19 19 19 19 19 19 19 19 19 19 19 19 19
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary corregenes Other creditors falling due within one year  Net current assets Total assets less current liabilities Creditors falling due after more than one year.  Net assets Capital and Reserves Shere capital Reserves  Hotes 1. Accounting policies The principal accounting policies adopted (a) Basis of accounting and consolidation The consolidated accounts, which include the historical cost convention except for the effe (b) Tumover Tumover represents sales to parties oursi (c) Taxabon Corporation tax is provided on taxable pri to the extant that the Directors are of the opinion (g) Research and development Research and development Research and development (e) Goodwill Goodwill is the excess of the cost finctual the value of their net essets at the time of acquis (f) Fixed assets Tanglate fire dissets are stated at cost less to write of the net cost of the assets over their e Frenched buildings to USA Long lessafold property Plant, machinery, vehicles and equipment (g) Investments in subsidiary companies investments in subsidiary companies where statements in subsidiary companies where the second of the particles Revented to be lower than cost, the lower fig current sching prices of hinshed products less to (i) Foreign currencies Foreign currency  1. The UK tax charge in each of the periods has benefited from adferred taxabo	2.123  (23)  (23)  (1,042)  (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  741  14 77  15 664  741  14 77  15 664  741  16 664  741  17 766  18 664  741  19 664  19 766  19 766  19 766  19 766  19 766  19 766  19 766  19 766  19 767  19 768  19 768  19 768  19 77  19 768  19 77  19 78  19	1,913 2,567  (220)  (301) (306) (883)  (970) (1,411)  543 1,156  1,046 1,707  (360) (514)  686 7,193  77 7609 1,116  686 1,193  set out in this report are as if sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the sidilaries, are presented on the consolidated at current rates of sidilaries, are presented on the consolidated at current rates of sidilaries, and the sidilaries of sidilaries, are presented on the consolidated at current rates of sidilaries and function	2.173  (220) (247) (473) (940) (1.233 (514) 838  77 761 838  7761 838  7761 838  777 761 838  7761 838  777 761 838  777 761 838  777 761 838  778 838  779 840 858  777 761 858  878  878  878  878  878  878  878	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium acccupitatised and applied in paying up in full 5,230,000 C 18. Capital commitments  Authorised but not contracted  17. Contingent liabilities Additional consideration payable for the punch of the profits of the pro	256 26 322 as of subsidia bunt and £49 Ordinary Sha chase of the K. Systems Coon 1st October than 6 moo	34 5 330 38 36 2 356 40 36 40 3	2 85 2 467 6 26 8 493 bit September 1 2 on profit and foring Kerr.  There 1982 oring Kerr (2000) Init	628 12 2 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	995 955 26 1,116 000 at 30th have been April 1983 Goring Kerr £000 12 12 12 13 14 15 15 15 15 15 15 15 15 15 15 15 15 15
Current liabilities Bank loan and overdraft—secured Holding and fellow subsidiary correpanies Other creditors falking due within one year  Net current assets Total assets less current liabilities Creditors falking due after more than one year.  Net assets Copital and Reserves Share capital Reserves  Network of the principal accounting policies adopted (a) Basis of accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The principal accounting and consolidation The consolidated accounts, which include the historical cost convention except for the effe (b) Turnover Turnover represents sales to parties outsi (c) Tourover represents sales to parties outsi (c) Tourover represents asles to parties outsi (d) Research and development Research and development Research and development costs are write (e) Goodwill is the excess of the cost (including the walls of them net assets at the time of acquisition of the net cost of the assets over their ex- Freehold burktings in USA Long leasehold property Plant, machinery, vehicles and equipment (g) Investments in aubsidiary companies are Freehold burktings in USA Long leasehold property Plant, machinery, vehicles and equipment (g) Investments in aubsidiary companies are September to be lower than cost, the lower for Construents selving prices of hisrard products less of (ii) Foreign currences Foreign currences Foreign currences Foreign currences Foreign currences Foreign currences Foreign currences  Foreign currence	2.123  (23)  (23)  (301)  (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  741  15 664  741  16 rarriving at the financial information the accounts of Goring Kerr and its subtots of translation of foreign currences. de the Goring Kerr Group and excludes offits at current rates. Deferred taxation in that such taxation may become payables offits at current rates. Deferred taxation in that such taxation may become payables of the such taxation may become payables of the such taxation when accertain into and is treated as an intangible true as accumulated depreciation. Depreciations at accumulated depreciation. Depreciation are accumulated useful lives as follows:  It stated at cost.  It been valued at direct cost. Work in prisonment of production overtheads. In in uners have been included. Not realisable ratin button costs.  It stated at cost.  It been valued at direct cost. Work in prisonment of production overtheads in on exchange are included in operating in on exchange are included in operating to maximum costs.  It stated at cost.  It stated at cost.  It provides a state of the cost of the co	1,913 2,567  (220)  (301) (308) (308) (308) (308) (308) (309) (1,411)  (343 1,156  1,046 1,707  (350) (514) (666 1,193  77 77 (609 1,116 (666 1,193  set out in this report are as if sidilaries, are presented on the value added tax, is provided at current rates of at in the foresceable future.  (ined - see note 17) of subsidiar asset in the consolidated on is provided at current rates of at in the foresceable future.  (ined - see note 17) of subsidiar asset in the consolidated on is provided other than on the consolidated on is provided other than one of the consolidated by refuse to the consolidated by refuse to the consolidated by refuse to the consolidated by refuse to the consolidated by refuse to the consolidated by refuse to the consolidated asset the consolidated by refuse to the consolidated asset the consolidated by refuse to the consolidated asset the consolidated asset the consolidated asset the consolidated asset the consolidated asset to the consolidated	2.173 (220) (247) (473) (940) (1.233 (514) 838 777 761 838 7761 838 7761 838 777 761 838 778 (60llows:—  Are besis of textation istrices over seconds; land so as serven months ended 30th April 1983 1983 1983 1983 1983 1983 1983 1983	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium accupitational and applied in paying up in full 5,230,000 of 18. Capital commitments  Authorised but not contracted 17. Contingent liabilities Additional consideration payable for the pun esiculated by reference to the combined profits of Gibbunness of Gik. Systems Corporation Inc. with effect September 1983 and 1994 and payable in cash not lest Profits (USS) Up to 160,000 160,001-180,000 160	256 26 322 as of subsidia count and £49 Ordinary Sha chase of the K. Systems Coom 1st Octoo er than 6 moo	34 5 330 38 36 2 356 40	2	sended sember 3 (107) further US\$2  ended sember 3 (107) further US\$2  further US\$2	995 955 956 1,116 000 at 30th have been have been April 1983 Goring Kerr 12 12 12 13 14 15 15 16 17 17 15 15 15 15 17 15 17 17 17 17 17 17 17 17 17 17 17 17 17
Current liabilities  Bank loan and fellow subsidiary companies  Other creditors falking due within one year  Net current assets  Total assets less current liabilities Creditors falking due after more than one year  Net assets  Capital and Reserves Share capital Reserves  Net assets  Capital and Reserves Share capital Reserves  Net assets  In principal accounting policies adopted (a) Bass of accounting and consolidation The consolidated accounts, which include the historical cost convention except for the effe (b) Turnover Turnover represents sales to parties outsi (c) Taxasoo Corporation tax is provided on taxable pri (b) Turnover Research and development (c) Research and development costs are writ (e) Coodwill Research and development costs are writ (e) Coodwill The dassets Tanglie fixed assets are stated at cost less townle off the net cost of the assets provided on the rate of acquis (f) Fixed assets Tanglie fixed assets are stated at cost less townle off the net cost of the assets over their ex- freehold burkings in USA Long less shold property Plant, machinery, vehicles and equipment (g) Investments in subsidiary companies are (h) Stock and work in progress Rew materials and component parts have valued at cost, which includes an appropriate accomadered to be lower than cost, the lower fig current seiving prices of hineshed products less in (i) Foreign currents Resided profits and foreign Plantic sheet dates. Resided profits and fosset setilustments are dealt with in reservation.  2. Cost of sales and operating expenses include  Licepporation Research and development Auditors' remoluments Depreciation Research and development Auditors' remoluments Depreciation Research and development Auditors' remoluments Depreciation Research and development assets in the first state of the particle has been development Auditors' remoluments Depreciation Research and development assets in the first state of the development Auditors' remoluments Depreciation Research and development assets in the first state of the develop	2.123  (23)  (301)  (1,042)  (1,366)  757  1,101  12 (360)  741  14 77  15 664  741  15 664  741  16 remarking at the financial information the accounts of Goring Kerr and its subtots of translation of foreign currences. de the Goring Kerr Group and excludes offits at current rates. Deferred taxation in that such taxation may become payablen off in the year of expenditure.  19 deferred consideration when accertaining and is treated as an intangible true as accumulated depreciation. Depreciate stamated useful lives as follows:  1 stated at cost.  2 been valued at direct cost. Work in presented useful interest was been included. Not realizable rationary and interest was been uncluded. Not realizable rationary results are translated into sterling to maxchange are included in operating in on exchange are included in operating in on exchange are included in operating to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are an accounting to maxchange are accounting to maxchange are accounting to maxchange are accounting to maxchange are accounting to maxchange are accounting to maxchange are accounting to maxchange are accounting to maxchange are accounting to maxchange are accounting to maxchan	1,913 2,567  (220)  (301) (306) (883)  (970) (1,411)  943 1,156  1,046 1,707  (360) (514)  666 7,193  77 77  609 1,116  666 1,193  set out in this report are as I sidiaries, are presented on the state of the state	2.173  (220) (247) (473) (940) (1.233 1,352 (514) 838 777 761 838 7761 838 777 761 838 7761 838 777 840 838 777 840 838 777 840 838 777 840 838 777 840 838 777 840 838 777 840 838 838 777 840 838 840 840 840 840 840 840 840 840 840 84	Profit retained Distributable reserves at end of period Exchange rate adjustments Share premium Total reserves Included above are accumulated retained profit April 1983. Since 30th April 1983, the share premium acc capitalised and applied in paying up in full 5,230,000 c 18. Capital commitments  Authorised but not contracted 17. Contingent liabilities Auditional consideration payable for the pun calculated by reference to the combined profits of St. Systems Corporation line, with effect is September 1983 and 1994 and payable in cash not left Profits (USS) Up to 160,000 160,001-180,000 160,001-180,000 180,001-200,000 200,001-220,000 200,001-220,000 200,001-220,000 Cyce 240,000 Over 240,000 Over 240,000 Over 240,000  To the basis of the anticipated combined profit become payable in respect of that period.  18. Holding company Tace pic, incorporated in England, owns 90% of 19. CURRENT COST INFORMATION 19. Holding company Tace pic, incorporated in England, owns 90% of 19. CURRENT COST INFORMATION 19. Holding company The profit and to security profit before interest Current cost operating profit before interest Current cost operating adjustments  Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost operating profit before interest Current cost profit after taxation Taxation Dividends  Current cost profit after taxation transferred to reserves Current cost earnings per share (6,000,000 Ordinary) In assue at the date of the report  19. Summarised Group current cost believe sheets  Fined Assets Tengible Interegible Intergible 256 26 322 as of subsidia burst and £49 Ordinary Sha chase of the K. Systems Crom 1st Come er than 6 mos its for the ye distional charged the issued sl	34 5 330 38 36 2 356 40 36 40 3	2 85 2 467 6 26 8 493 2th September 1 2d on profit and Joning Kerr.  Ther 1982 oring Kerr is 2000 and Joning Kerr is 2000 and	638 12 664 12 66	Seven months ended bit April 1983 7757 1,198 342 5,700 1,198 342 5,700 1,198 342 5,700 1,198 342 5,700 1,198 364 365 1,198 365 1,198 3	

4. Tangible fixed assets		Plant.	•
_	Freehold and	machinery,	_
	Leasenadd	vehicles and	
	Brobuting	E.CO)D subsidente	Total
	£ 000	t wo	£ 000
it 30th September 1982	132	457	503
urrent replacement cost		(346)	4346
ggregate depreciation		711	
	132	111	243
		_	
it 30th April 1983	134	203	637
igrent replacement cast	-	(373)	(373)
Mais and sering.	134	130	284
Freehold and leasohold properties are included in t			
Freshold and leasehold properties are included in testimated by the Directors. Plant, machinery, whiches and experiment to prices determined as described in note 1.			
<ol> <li>Stock and work in progress         This has been included at the lower of replacement to     </li> </ol>	n and not realisable value cal	culated as doscribed	in note ".
6. Reserves			£1000
current Cost Reserve at 1st October 1982			531
เ <sub>ต</sub> ิงสันสำคัก รมเติโนร.			,
Yang-ble fixed assets			24
ost of sales adjustment Agnetary working capital adjustment			
Searing adjustment			n i
<del></del>			
urrent Cost Reserve at 30th April 1983			25
schange rate adjustments Stare promium			2/ 87
ober Resorves			
			1,196
			1,17
)(which: real-sed			95.1
g yenich: reamers unrealised			243
		Y	ours feethfut
•		Edward i	Magre & Sen
			_

4. Chiewell Street London & C17 4\B

five years from the gassing of the Special Resolution adopting new Articles without reference to a shareholders' meeting. Section 17(1) of that Act has been disapplied so as to permit the allotment of such shares in connection with a rights issue to the shareholders of the Company or the allotment of up to an aggregate nominical antiount squal to 5° of the authorised ordinary share capital of the Company. The disapplication of that section has effect until the Annual General Meeting of the Company to be held in 1989 when the Directors will propose its reneword for another year. On 1st December 1981, Goring Kerr Canada line issued for subscription in cash to Goring Kerr International Limited 2 shares of Can S1 each at Can S1 per share. On 8th December 1981, Goring Kerr Management inc and Goring Kerr Holdings inc were incorporated, each with a paid up capital of US \$200, such share analogy Kerr Holdings inc shares of US \$1 per share. On 10th December 1981, Goring Kerr Management the issued to Goring Kerr Holdings inc issued to Goring Kerr International Limited 127,083 shares of US \$1 each for subscription in cash at US \$1 per share. Seve as referred to in sub-paragraph 13(3) above and on paragraph (d) above, since 1st September 1981, on capital of the Company or of any of its subsidiaries as under option or isone 1st September 1981, on capital of the Company or of any of its subsidiaries as been issued or its optional for cash or otherwise. No part of the capital of the Company or or otherwise.

2. Offer for Sale Agreement
By an agreement deted 16th August 1983 ("the Offer for Sale Agreement") made between Tace and Mr 8 G Kerr (1) the
Directors of the Company (2) the Company (5) and Sheppards and Chase ("S & C") (4). & C have agreed, subject Intar ella to
the Council of The Shock Exchange admining the Ordinary Shares of the Company to the Officeal List not later than 14th
September 1983, to purchase 1,650,000 Ordinary Shares from Tace and 150,000 Ordinary Shares from Mr 8 G Kerr at the
striking price under this Offer for Sale and to offer all such shares for sale to the pulce in accordance with the terms of this Offer
for Sale for a commission of 21th at the minimum tender price on 1,800,000 Ordinary Shares and a fee.
The costs and expenses of and incidental to this Offer for Sale, including the costs of preparing, printing, circulating and
advertising this Offer for Sale, all accounting expenses, the Company's legal expenses, the receiving benitor's and registers'
fees and expenses, the less payable to The Stock Exchange and a feet to Sa Care sumited to amount to 255,000 (seculouse of
value added taxt and are payable as to £255,000 by Tace and as to £30,000 by Going Kerr, S & C will pay underwriting
commissions of 17th on the minimum tender price per Ordinary Share and its own legal expenses.

Subsidiaries
 The Company has the following subsidiaries, all of which are wholly-owned:
 Issued and
 Subsidiaries

Name Goring Kerr International Limited Goring Kerr Holdings Inc Goring Kerr Management Inc Goring Kerr Inc	Country of incorporation England USA USA USA	fully paid capital 65,000 US \$127,283 US \$508,526 US \$1,000	Activity Holding company Holding company Holding company Holding company Aperst for metal detection
Goring Kerr Canada Inc	Canada	Can S2	edribusur edribusur edribusur

4. Articles of Association
The Articles of Association of the Company contain, inter alia, provisions to the following effect:
(a) Votes of Members
Subject to any terms (as to which there are none at present) as to voting upon which any shares may be issued, or may for the once being be held, every member present in person or by prony shall have one vote tor every where held by him.
(b) Variation of highly have one vote for every where held by him.
(b) Variation of highly have one vote for every where held by him.
(c) Variation of highly the company is divided into different classes of shares, the rights attached to any class may juniess otherwise provided by the terms of issue of the shares of that class) he varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of the electrics of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders, but not otherwise.
(c) Directors

[1] There is no shareholding qualification for a Director.

Jass or with the sanction of an extraordinary resolution passed at a separate general messing of such holders, but not therefore.

2) Directors

(2) The Directors shall be paid out of the funds of the Company by way of remuneration for their services up to 17.500 per animum for each phestor or such larger sum as the Company may decide in general messing.

(3) There is no age limit for Directors

(4) No Directors shall be paid out of the funds of the Company by way of remuneration for their services up to 17.500 per animum for each phestor or such larger sum as the Company may decide in general messing.

(5) There is no age limit for Directors

(6) A Director shall be discussed will be avoided, nor shall any Oirector so contracting, or being so interested, be been strong the so interested of all be avoided, nor shall any Oirector so contracting, or being so interested, be by the Director in accordance with the Company for your larger than the company for the proposal whitshour in accordance with the Company for a 18.48 to 1921.

(5) Save as provided below, a Director will now my not vote in respect of any contract or arrangement or any other proposal whitshour in accordance with the company in a respect of any contract or arrangement or any other proposal whitshour in accordance with the same material interests the proposal whitshour of the security of or otherwise in or mitough the Company A Director will not be counted in the quorum in respect of any contract or arrangement or any other counted in the quorum in respect of any results or solution concerning any of the following matters, namely:

The giving of any security or indemnity and the remost then is undicated below is mitoded to vote land will be contracted by him at the respect of more lent or obligation of the Company or a guaranse or indemnity for by the giving of any security or indemnity to the tind party in respect of a debt or obligation of the Company or any of its subsidiaries; for which he himself has assumed responsibility in whole or in part

antitled to vote (and will be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The Company may by Ordinary Resolution suspend or relax the provisions summarised above to any extent or rathly any transaction not duly authorised by reason of a contravention of such provisions.

The operation of Section 185 of the Companies Act 1346 is excluded and accordingly special notice will not be required of any resolution appointing or approving the appointment of a Director who has attained the age of 70.

test the operation or section test the Companies Act 1998 is excluded and accordingly special notice will not be required of any resolution appointing or approving the appointment of a Director who has attained the age of 70.

(10) A Director may appoint as his alternate either another Director or any other person approved for that purpose by a majority of the Directors.

(d) Borrowing Powers

(11) The Directors may exercise all the powers of the Company to believe money, to mortgage or charge its undertaking, properly and uncalled capital and to resus debentures and other securities, whether outright or as 11. The Directors is equivalent to a company of the Company or of any third party.

(2) The Directors are the borrowings of the Company and exercise all voting and other rights or powers of controller or abelief extra the borrowings of the Company and exercise all voting and other rights or powers of controller or abelief extra the company in relation to its subschanes so as to secure its regards evolutionary as the secure its regards evolutionary and according to the purpose about the secure of all moneys burnowed by the secure that the appropriate amount for the time being remaining undestrabilities of sill moneys burnowed by the extra the company and its subschanes in the time being grantism of intra-Group Directory and its subschanes as a secure its regards evolutionary and its subschanes are secured in the time being grantism of intra-Group Directors and the secure of the property securities and the property as secured or the time being grantism of the property as secured or amount equal to twice the adjusted capital and responses fast defined in the Articles of Association).

5. Shareholdings
Immodutely following this Offer for Sale, the intorests of Tace and Mr 8 G Kerr in the Company leach of which will be bereficially owned) as they will appear in the register maintained under the provisions of the Companies Act 1967 will be as follows:

1.790.000 Ordinary Shares (6.7.5%)
At the date of this document, no person other than Tace or Mr 8 G Kerr is interested in any shares of the Company, except formula to the Offer for Sale Agreement.

### Gilt-edged turnover down

tember 5 18

STOCK EXCHANGE turnover in August contracted for the second consecutive month as investors marked time, reflecting continuing uncertainty over te economic outlook and the level of international interest rates. Normal seasonal inertia also contributed to the sharp decline in business, and despite the fact that there were 22 trading days in August, one more than in July, last month was the quietest for trade for 16 months.

Business in all securities declined £5.4bn, or 23.3 per cent to £17.67bn. The Financial Times Turnover index for All Securities was 541.4 compared with July's 706 and August 1982's all-time peak of 1,007.

Renewed fears of an upturn in U.S. interest rates, heightened by the feat formers in the feat feature. by the first increase in prime lending rates for well over a year, unsettled British Government securities, although prices stabilised towards the end of stabilised towards the end of the month after better than expected U.S. money growth figures. The holiday season took its toll however, and the absence of institutional money resulted in a 29.2 per cent fall in Gilt-edged turnover to £12.29bn. Short-dated issues fell 24.5 per cent, or £1.88bn to £5.19bn, while trade in longer-dated stocks declined 32.3 per cent or £3.39bn to £7.09bn.

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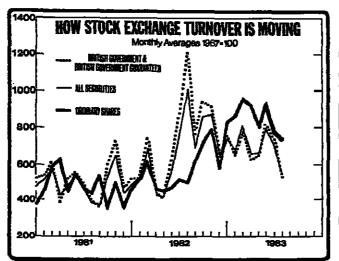
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fell only 5.9 per cent, or £0.26bn, to £4.14bn. Favourable trading statements from a number of leading UK industrial companies and July money supply figures closer to targets than originally anticipated lifted the FT Industrial Ordinary shares index to an all-time peak of 740.4 on

rent or £3.39bn to £7.09bn.

The Financial Times Turnover index for Government Securities was £20 compared with the previous month's 734.6.

London equity activity, on the other hand, held up remarkably well considering.

and turnover in ordinary shares 707.4, a modest fall of 3.8 points over the month. The Financial Times turnover index for ordinary shares fell to 738 from July's 784.1. Helped by strong demand for ICI after an investment recommendation in a leading

American publication and by persistent speculative interest in Irish oil exploration stocks,

was 520 compared with the previous month's 734.6.

London equity activity, on the other hand, held up remarkably well considering the virtual absence of institutional support, the index closed the month at the compared with the index closed for its biggest one-day fall since September 28 relatively subdued month. The FT Gold Mines index rose 22.9 points to 678.9 reflecting sporadic U.S. support on the back of the bullion price.

BRITISH FUNDS	Vzlue £m	% of total	Number of bargains	% of total	Average dally value £m	Average bargain value £000's	Average daily bargain
Short Dated (5 years or							
less to run)	5,191.8	29.4	19,476	4.0	236.0	266.6	885
Others (over 5 years)	7,094.0	40.1	42,929	8.8	322.5	165.2	1,951
TOTAL	12,285.8	69.5	62,405	12.8	558.5	196.9	2,836
IRISH FUNDS							
Short Dated (5 years or less to run)	256.5	1.5	1,023	0.2	11.6	250.7	47
Others (over 5 years)	269.9	2.5	1,236	0.3	12.3	218.4	56
UK LOCAL AUTHORITY	403.5	23	3,701	8.0	18.3	109.0	168
OVERSEAS GOVERNMENT	76.8	0.4	1,154	0.2	3.5	66.6	52
other fixed interest	239_5	1.4	21,933	4.5	16.9	10.9	997
ORDINARY SHARES	4,136.0	23.4	394,434	81.2	188.0	10.5	17,929
TOTAL	17,668.0	100.0	485,886	100.0	803.7*	36.4	22,805*

#### CONTRACTS

#### **MEL** wins £10m order from Canada

MEL. Crawley, has won a £10m order from the Canadian Government to equip its destroyers with Canews advanced electronic surveillance system.

Canews is stated to be a sensitive, accurate system which gives maximum warning of enemy activity and deployment. A service test model was success ful in trials carried out by the Canadian Navy in the autumn of

MEL has been selected by the MEL has been selected by the Ministry of Defence for two multi-million pound contracts; one for a new advanced light-weight H.F. radio, the other for message processing terminals. The lightweight HF radio will be specially developed for the MoD and is based on the battle-proven microprocessor-controlled Callpac PRC/VRC 2000 tactical HF radio.

PRC/VRC 2000 tactical HF radio.

\*\*

\*\*HADEN DRYSYS, a subsidiary of Haden, has a contract worth £2.3m for the design and construction management of paint finishing lines for three commercial vehicle plants in The People's Republic of China. The contract is with the China Machivery and Equipment Corporation acting on behalf of the China Automotive and Industrial Corporation. The plants are at Changchum, Shiyan and Jinan. Between them, these three plants account for 50 per cent of total lorry output in China. Haden Drysys's work involves the upgrading of existing installations to incorporate the latest state of the art technology. The Changchun plant will use a spray-dipspray pretreatment line and cathodic Electrodip, followed by a colour line with Hydrospin spray booths equipped with Hydropac waste paint collection systems. A similar specification is also to be used at the smaller Jinan plant. The Shiyan installation will comprise a full dip pretreatment plant and cathodic Jinan plant. The Shiyan installation will comprise a full dip pretreatment plant and cathodic Electrosip; existing colour lines are being retained. Haden Drysys designs are also to be used for air handling equipment and drying ovens at all three vehicle plants.

OMETRON has gained two orders for SPATE 8000 stress analysis equipment from the National Engineering Laboratories and the Transport Road Research Laboratories (TRRL). Together, the orders are worth over £150,000.

AEROSOLS INTERNATIONAL AEROSOLS INTERNATIONAL, Wellington, has won a contract to produce 25 per cent of Share Drug Stores own label products. The company will be supplying 15 products in all, which include antiperspirants. cleaners, alr fresheners, body sprays, a bair mousse, spray starch and a shave from A programme to develop foam. A programme to develop sun tan preparations, for 1984, will also shortly be under way. The contract is worth £250,000.

### WADDINGTON Ordinary Shareholders

### **YOU ARE NOT** PLAYING MONOPOLY® NOW!

#### THE SIMPLE SUM

Value of 1000 Waddington shares at BPCC's offer\*

Value of 1000 Waddington shares at market price\*

£2560

Your additional value if BPCC wins

£378 **EQUALTO 14%** 

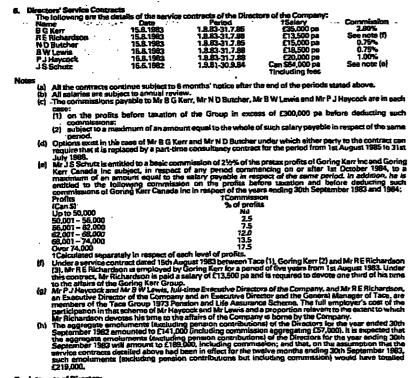
### THAT'S REAL MONEY -**DON'T THROW IT AWAY!**

**CLOSING DATE:** WEDNESDAY 7 SEPTEMBER AT 3.00 PM



\*Based on the mid-market prices of BPCC & Waddington at close of business on 2 September 1983.

The directors of BPCC plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are tair and accurate and each of the directors accepts responsibility accordingly.



7. Interests of Directors

(a) Except for Mr. B G Kerr, none of the Directors is interested (as defined in the Companies Acts) in the Ordinary Shares of the Company.

(b) Save for the interest of Mr. J S Schutz in the contracts referred to in paragraph 11(a) below, no Director has any interest, direct or indirect, in any essets which since 1st September 1981 have been or are proposed to be acquired, disposed of by or lessed as the Company or any of its subsidiarities.

(c) Save for the interest of Mr. J S Schutz in the contracts referred to in paragraph 11(a) below, no Director has any material interest in any contract, treassaction or arrangement with any company within the Group which is significant in relation to the business of the Group taken as a whole, nor is any such contract proposed.

(d) Mr. B G Kerr has undertaken to Tace that with regard to the 450,000 Ordinary Shares of the Company which he will not dispose of any of them before the author accounts of the Company for the year ending 30th September 1983 have been published; and

[2) he will not dispose of more than 25% of them in any one calender year.

Taxations
 (a) The Directors have been advised that the Company is not a close company as defined in the Income and Corporation Taxes Act 1970.
 (b) Under the Otter for Sale Agreement referred to in paragraph 2 above, Tace has given the Company contain taxation indemnities.

Working Capital
 The Directors are of the opinion that, having regard to the bank and other facilities available, the Group has sufficient working capital available for its present requirements.

sufficient working capital available for its present requirements.

10. Agreements between the Company and Tace

(a) Under an agreement attend 19th August 1983 between Tace (1) Goring Kerr (2) and Mr R E Richardson (3).

Tace consolined to Mr Richardson extering into the service contract referred to in paragraph 6/1 above.

This agreement provides that, with effect from 1sr August 1983, the safety people to Mr Richardson under his extention provides that, with face dated 19th December 1979 is to be reduced from £40,500 to £77,000 and the remaining one-third by Goring Kerr. Tace also has an option (which it has exercised to require the in lists of the costs of his persion activement and other pensal appears will be paragraph for points. In lists of the safety payable by Goring Kerr. Tace also has an option (which it has exercised to require the in lists of the safety payable by Goring Kerr. Tace also has an option which it has exercised to a provide the potion is in force, the safety payable by Tace to Mr Richardson will be increased by the amount which he would therwise have received from Goring Kerr.

(b) Under a deed which is so conditional on completion of this Offer for Safe, dated 15th August 1963 between Tace (1) and the Company (2) Tace has agreed to repay in full the inter-company (pars from the Group (which amounted to £435,000 on 3rd August 1963) together with interest acrued down to the date of repayables by not later then 30th September 1983; and Tace and Goring Kerr have agreed not to carry on any new business which will compete with a Business of the other.

repayment by not later then 30th September 1983; and Tace and Goring Kerr have agreed not to carry on any new business which will compete with a business of the other.

11. Manural Costracts
The following contracts, not being in the ordinary course of business, which have been entered into since 1st. September 1981 are or may be material:

[a] {II A contract dated 12th June 1981 and made between J S Schuz (II). A Frei (2) and Tone (3) (as 1982 and made between J S Schuz 111. A Frei (2). Tace (3) and Goring Kerr Management lated 16th June 1982 and made between J S Schuz 111. A Frei (2). Tace (3) and Goring Kerr Management lated 16th June 1982 and made between J S Schuz 111. A Frei (2). Tace (3) and Goring Kerr Management line 14th, under which Goung Kerr Management inc purchased the entire issued plane capital of CK Systems Corporation (incorporated mice 1954) in the purchased the entire 1954 in respect to the entire 1954 in the proporation (incorporated mice 1954) in the proporation (incorporated mice) in 1954 (incorporation (incorporated mice) in 1954 (incorporated mice) in 19

12. Missolianeous
(a) No part of the proceeds of this Offer for Sale is receivable by the Company and therefore there is no minimum amount required to be provided in respect of any other metters referred to in paragraph 4 of the Fourth Schedule to the Companies Act 1948.

(d) So Ira as the Unitedors of the Company are laware, there is no pustasticing trigation to Carlo.

(e) Sheppards and Chase and Edward Moore & Sons have given and have not withdrawn their written consents to the issue of this document with the references to themselves, to the Inclusion of their respective letters and, in the case of Edward Moore & Sons to the Inclusion of their respective letters and, in the case of Edward Moore & Sons to the Inclusion of their respective letters and, in the case of Edward Moore & Sons to the Inclusion of their respect, in the form and context in which they respectively appear.

(ii) The documents delivered to the Registrar of Companies for registration with copies of this comment were copies of the form of Applicatios, the above-mentioned written consents, and copies of the contracts referred to in paragraph 11 above.

(g) In respect of the financial year ended 30th September 1980 the aggregate amounts or benefits paid to Mr 8 G Kerr, a promoter of the Company, comprising salary, pension contributions, expenses and dividends amounted to £45,500. The comprisable figures for the financial year ended 30th September 1983 are estimated to be £66,500 before breezes (findends of £13,500.

(h) In respect of the financial year ended 30th September 1981 the aggregate amounts or benefits paid to Tase (which may be considered to be a promoter of the Company including management leas and dividends amounted to £194,500 (of which £194,000 represented dividends); and for the current historial year ending 30th September 1983 management lors are estimated to be £22,000, and dividends are forecast to be £112,500. Tace has received loans from the Group and has paid interest amounting to £14,163 in respect of the year ended 30th September 1983.

13. Documents evaluable for inspection

Copies of the following documents will be available for inspection at the offices of Lovefi. White & king, 21 Holborn Visidust, London ECTA 20Y, during normal business hours on any weekfals (Saturdays and public hol Outside London, copies are available from: Goring Kerr pic. Vale Road Windoor Beischure SL4 5JX Westminster Bank pin Cry Office P.O. Box 238 32 Corn Street Bristol 8599 7UG end from the following branches of Natio City Office P.O. Box 87 Colmore Centre 103 Colmore Row Birmingham B3 3NS City Office P.O. Box 154 8 Park Row Leeds LS1 1QS

Applic	ations
1.	Applications must be for a minimum of 100 shares and thereafter for the following multiples:
	Number of shares applied for Multiples
	Up to 1,000 shares: 100 shares:
	Up to 5,000 shares: 500 shares;
	Up to 10,000 shares: 1,000 shares:
	Up to 50,000 shares: 5,000 shares;
	Over 50,000 shares: 10,000 shares.
2.	Applications must be made on the accompanying Form of Application at the minimum tender price of 200p
	per share or at any higher orice per share which is a whole multiple of 5p
3.	Applications must be forwarded or handed to National Westminster Bank PLC, New Issues Department, P.O.
	Box 79, Drapers Gendens, 12 Throgmorton Avenue, London EC2P 28D, so as to arrive not later than 10 a.m. on
	Thursday, 8th September 1983 (being the time of opening of the application list). Photostat copies of Forms
	ol Application will not be accepted.
4.	Each application must be accompanied by a separate cheque or banker's draft for the full amount of the price
	tendered drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or
	the lale of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has
	arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of
	those Clearing Houses land which must bear the appropriate sorting code number in the top right hand
	corner). Cheques or banker's drafts must be made payable to National Westminster Bank PLC and be crossed
	"Not Negot able". She pards and Chase reserve the right to present all cheques for payment on receipt and
	to retain Acceptance Letters and surplus application moneys pending such clearances and to accept in part
	only or to reject or scale down applications and, in particular, multiple or suspected multiple applications at
	any one price. Due completion and delivery of a Form of Application accompanied by a cheque will constitute
	a warranty that the cheque will be honoured on hist presentation; attention is drawn to the declaration in the
	Form of Application to that effect. Applications will be irrevocable until 15th September 1963.
Б.	No person receiving a copy of this Offer for Sale or a Form of Application in any territory other than the United
	Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such Form
	unless in the relevant territory such an invitation could lawfully be made to him or such Form could lawfully
	be used without contravention of any registration or other legal requirements. Any person outside the United
	Kingdom wishing to make an application hereunder should satisfy himself as to observance of the laws of
	any relevant territory, including obtaining any requisite governmental or other consents of observing any
	other requisite formalities.
	of Acceptance
8.	Subject as aforesaid and as merationed below, applications will be accepted on the following basis:—

Procedure for Application

to Acceptance

Subject as arboresaid and as mentioned below, applications will be accepted on the following basis:—

(a) All shares for which applications are wholly or partly accepted will be sold at the same price if the Striking Prace", which will not be less than the minimum tender price of 200p per share. The Striking Prace will not necessarily be the highest price at which sufficient applications including applications at higher prices all are received in cover the total number of shares offered under the Office for Sale. In deciding the Striking Prace and the basis of allocations, Sheppards and Chase will have complete discretion and will have regard inter also to the need to establish a market in the shares, for which purpose a reseconable number of shareholders is required.

(b) Applications for shares at prices less than the Striking Price will receive no allocation of shares. (d) If applications are received for less than the Striking Price will receive no allocation of shares.

(d) The Striking Price and the basis of allocation will be amounced on or as soon as possible after 8m September 1983.

Acceptance of applications will be conditional on the Council of The Stock Exchange admitting the issued share ceptial of the Company to the Official List on or before 14th September 1983. Moneys paid in respect of applications will be returned if such condition is not satisfied and, in the meantime, will be retained by National Westimistic Basis PLC in a separate accepted if any application is not accepted or in excepted or is excepted for lever shares than the number applied for or is made at a price higher than the Striking Price, the application moneys or the balance refered, as the case may be, will be returned (without interest) through the post at the applicant's rook it as expected that renounceable Acceptance Letters will be posted to successful applicants by 14th September 1983.

Avangements have been made for the registration by the Company of the shares now effered for cale, free of

ots have been made for the registration by the Company of the shares now offered for sale, free of

arrangements have been made for the registration by the Company of the shares now entered in case, need the stamp day, in the names of applicants or persons in whose taxour Acceptance Letters have been renounced, provided that, in cases of renunciation, Acceptance Letters (duly completed in accordance with the instructions contained therein) are lodged for registration not later than 26th October 1983. Accustance Letters will be renounceable up to 3 p m on 26th October 1983. Share certificates and be despatched by first class post on 25th November 1983. All choques and documents sent by post will be sent at the risk of the newsons entitled theretin. persons entitled thereto.

9. Dealings in the Ordinary Shares of the Company are expected to begin on 15th September 1983.

Sth SEI This Fo Northe or whit Clearin Westin handso ECR	PTEMBER 188  prin, duly com  reliend, the  ch has arrang  g Houses (and  unster Bank Pt  d to National V  8D, not later  strong An appli	LIST FOR THE ORDINARY SHI IS AND MAY BE CLOSED AT A IS AND MAY BE CLOSED AT A IS Channel Islands, or the Isla of In ed for as cheques and banker d which must bear the appropr LC" and crossed "Not Negotial Vestminster Bank P.L.C, New Iss than 10.00 u.m. on Thursday incation cannot be considered mut. Protestal copies of forms of	NY TIME THEREAFTER.  We or banker's draft drawn in Men, of a bank which is either a 's drafts to be cleared through iade sorting odde number in the bit.", representing payment in wes Department, P.O. Box 73, 18th September, 1983. A sepa unless these conditions are fu	storing on a branch in member of the Lendon of the facilities provided a top right hand corner) full at the application pro prapers Gardens, 12 Thir rate cheque banker's di filled All cheques band	England, Scotland, Wales, or Scotlish Clearing Houses for the members of those made payable to 'National co, should be forwarded or opmorton Avenue, London att must accompany each or's drafts are liable to be to 's drafts are liable to be
post an	nd to allow at i	east two days for delivery.			
			NG KEF land under the Companies Act	_	•
		Off	er for Sale by Tend by	der	
		Shep	pards and C	hase	
of '	1,800,00 per si	0 Ordinary Shares hare, the price ten	of 10p each at a m	ninimum tende ple in full on ap	er price of 200p plication
	•	• •	OF APPLIC	_	•
		*Number of Ordinary Shares applied for	""Price per share at which application is made	** Amount of chequi banker's draft enclos	
			Р	£	j
in mult	cations must be frer in multiple tiples of 5,000 price per shai	LL THREEE BOXES ARE PROP pe for a minimum of 100 shares pe of 500 shares up to 5,000 sha shares up to 50,000 shares an re at which application is made	and in multiples of 100 shares ares, in multiples of 1,000 shares d in multiples of 10,000 shares	up to 1,000 shares, and es up to 10,000 shares, over 50,000 shares.	FOR OFFICE USE ORLY
· · The	rhich is a mult a number of st appards and (	nares applied for multiplied by	the price por shore at which a	pplication is made.	Number
Gentle I We or Mentio Shares made.	men, nclose a cheo ned sum, ber of 10p each o LWe rrevocat	gue banker's draft payable to ing the amount payable in fu of Goring Kerr pic ("Goring Ke bly offer to purchase that numb ares in respect of which this ap	ill on application for the state or") at the price per share at w per of shares and I we agree to	d number of Ordinary high this application is accept the same or any	2. Number of shares accepted
for Sal Gering the nur	le dated 2nd : Kerr. LWe he mber of share able by post at	September 1983 and subject roby authorise you to send to r as in respect of which this app time our nak to the first address	to the Memorandum and Art me'us a fully paid renounceable lication is accepted and or a c as given below. I We hereby at	icles of Association of a Acceptance Letter for heque for any moneys disprise you to procure	3. Amount received £
purcha in co the said	isad by me us insideration of d Offer for Sak us paragraph	e placed on the register of mer the right to which has not bee I your agreeing to accept appli e. I've agree that the application shall constitute a collatoral co	n effectively renounced. ications on the terms and subj on shall be irrevocable until 15: ontract between the us and vo	ect to the conditions of h September 1983 and u which shell become	4. Amount payable £
the add £3Ve Constit any Ac	dress shown a daclare that d jutes a Warran captance Lett	fue completion and delivery of My that such chaque will be ho ar and (d appropriate) remitta	ithis Form of Application, accompanies	mpanied by a chaque. We acknowledge that	5. Amount returned
	nce of any suc nature	h cheque. ti summer ! Named Applicant)	Dated	1963	6. Cheque Number
LEASE ISE LOCK	Forename(s		<del></del>		The signature on behalf of a corporation should be
ETTERS	Sumame an	nd designation (Mr., Mrs., Miss			that of a duly authorised official who should state his representative capa-
pri your dedug desk	Address Im		Post (		exty. If this Form is algored by an atterney, the power of atterney or a duty certi- fied copy. Thereof must accompany this form,
الت	ture			Surname and design	alion
F	orename(s) (li	(العا م	the age and commerces were the accommendant	(Mr., Mrs., Miss, ASs.	or title)
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-		n (vil)		Surname and design (Nr., Mrs., Mcs. Ms.	or tit <del>le)</del>
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 4 Siona				Surname and design	المارة
	orename(s) (u	tuli)		(Mr., Mrs., Miss, Ms.	or vile)
_		)			

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with negard to Standard Courtered Offshore Money Market Fund Limited. The Directors have taken all reasonable care to ensure that the facts stated berein are true and accumate in all insterial respects and that there are no other material facts the omussion of which would make misleading are, statement berein, a better of just or opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the Participating Redeemable Pn prence Shares of each class of the Company to be admitted to the Official List.

Copies of this Prospectus and of the documents specified herein have been delivered for registration to the Registrar of Companies in England.

The distribution of this Prospectus and the offering of Shares may be restricted in certain participations; persons receiving this Prospectus are required by the Company and the Missayer to import themselves of and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation.

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Shares and, if given or made, such information or representations must not be relied on as barring been authorized by the Company or the Missayer. The delivery of this Prospectus or the allowed in this time to be been observed by the Company or the Advisory and Finance Committee of the States of Guernary

Interested to give any information or to make any information or to make any information or the base tontained in this Prospectus, in connection with the opportung of Solvers due, if given a misse, if given a misse, if given information or refer to misse, the constant of the first them to the siture of the Company since the date between.

The consent of the Finance and Economics Committee of the States of Jersey under the Control of Borrowing (Jersey) Order 1958 (as amended) less been obtained for the issue of the Shares. The consent of the Advisory and Finance Committee of the States of Guernsey under the Control of Borrowing (Bailtonick of Guernsey) Ordinances 1959 to 1976 has been obtained for the issue of the Shares in the Island of Guernsey. It must be distinctly understood that in giving these consents neather Committee of the States on, responsibility for the financial soundness of any schemes or for the correctness of any schemes or for the correctness of airly statements which will not a missed to them.

Investors should be aware that, while the value of a Share will normally rise daily as income accrues on the investments of the Currency Funds, the value of a Share may decline in certain circumstances, such as marked rise in naturest takes. The Shares have not been registered under the United States Securities Act of 1933. Except in a transaction which does not violate the Act, they may not be a directly or indirectly offered or sold in the United States of America, or any of its territories, possessions or amas which is invisibation, or to or for the header of the Rencit of a US person as defined begins.

subject to its jurisdiction, or to or for the benefit of a US person as defined herein.

This Prospectus does not constitute an offer of Shares for subscription after 11.00s.m. on 15th September, 1983.

Copies of this Prospectus and Application Form may be obtained from Standard Chartered Offshore Money Market Fund Limited, c/o Standard Chartered Fund Managers (C.L.) Limited and from the Company's Stockbrokers, Cazanow & Co.

### Standard Chartered Offshore Money Market Fund Limited [Incorporated with limited liabilities to Toursell Services Services and Control of

Initial Offer for Subscription of up to 50,000,000 Participating Redeemable Preference Shares of US I cent each of the following classes and at the following prices payable in full on application. The minimum initial investment is £1,000 or the approximate equivalent in other currencies. Subsequent investment may be for any number of Shares.

CLASS OF SHARES	PRICE PER SHARE			SHARE CAPITAL	<b>_</b>
Sterling	£10	}	Authorised		Issued or to be issued
US Dollar	US\$ 20		i		ŀ
Deutschemark	DM 50	1	US\$100	Founders Shares of US\$1 each	US\$100
Swiss Franc	Sw Fr 40	1	ł		
Japanese Yen	YEN 5,000	1	US\$500,000	Unclassified Shares of US1 cent each	up to US\$500,000

OBJECTIVES

- OBJECTIVES

  Each Correscy Fund is designed to provide shareholders with:

  The advantage of significantly higher interest rates available to
  the Company on the interbank markets, normally only available
  to investors placing sums equivalent to USS1 million or more.

  Anniabrity of improvement at 2 days notice yet with interest rates
  appropriate to a balanced maturity profile, as described in the
  section entitled "lavestment Policy".

  A return in the form of capital ground in the value of the Shares
  rather than by payment of dividends.

  Security of capital provided by funds held in the main in the form
  of cash deposits. At the discretion of the Manager and with the
  benefit of the advice of the Investment Adviser investments can
  also be made in Certificanes of Deposit and other negotiable money
- around the world.

  A sample and cost efficient means of switching between

PRINCIPAL DETAILS

- encies Available avesument in the Company can be made by subscribing for Stares nated in the following currencies:-
- investment in the Company can be made by subscribing for Shares designated in the following currencies:
  Sterling
  US Dollars

  Deutschemarks
  Swas Francs

  Japanese Yen

  The Currency Pands are designed for investors who wish to maintain their cash reserves matched in one particular currency or in a range of currencies depending upon their own requirements.

  Shares designated in any currency may be exchanged for Shares designated in any of the other currencies on any Dealing Day.

  The underlying investments of each of the Currency Funds will be maintained on an entirely separate basis and all subscription and redemption monics will be payable in the currency of the relevant class except for len for which the procedures described under "Yen Shares" should be followed.

  Where an investor wishes to make payment or receive proceeds in a freely convertible currency texcloding Yen1 other than that of the Currency Fund concerned, the Manager will arrange the requisite foreign exchange deal with Standard Chartered Bank (C.1.) Limited, the Company's Bankers, at the rate of exchange ruling on the reletive Dealing Day.

  Investment Policy
- statement Policy Investments will compist primarily of short-term deposits for periods of up to sax months available on the Eurocurrency or domestic starting times hash markets. The Company may also, from time to time, invest in short-term monerary instruments, such as Ceruficates of Deposit and Treasory Balls, dependent on the attractiveness of returns available from these instruments compared with deposits on the unterbank markets. No investments will be made which will have a manutity of greater than one year and the average life to maturity of the investments in or Currency Fund a unlikely to exceed 180 days. Within each Currency Fund it is intended that a minimum of 10% of the investments will normally be realisable at 2 days notice and a further 15% at 7 days
- normally be realisable at 2 days notice and a turtuer 1770 at a ways notice or less.

  In order to ensure a prudent spread of risk, restrictions are placed on the Company's powers to invest. These limit the proportion of each Currency Fund which may be invested with any one bank or institution. The Company and its advisors will pursue a conservative credit. Successive policy and, as part of this, specific exposure limits will also be established for each bank and institution with which the Company invests. Full details appear under 'Investment Restrictions'.

  Within each Currency Fund, investments will generally be denominated in the currency of that Fund. Investments may, however, from time to nime be made in other currencies, dependent on the returns available; in that event, the resultant currency risk will be eliminated by appropriate forward cover exchange transactions.

- All interest will be accumulated and re-invested in the Corrency Fund to which it relates. No dividend will be paid to shareholders. Investment Adviser
  The Investment Adviser is Standard Chartered Bank (C.L.) Limited,

. Share Capital

The Company has an authorised share capital of US\$500,000 divided into 100
monders' Shares of US\$1 each, all of which have been subscribed for in full in cash
is par by, or on behalf of, the Manager, and \$0,000,000 Perceptaing Shares of US\$1
ert each, which, perdding allorated, are Uoclassified Shares and sawy be allotted a
transpasing Shares or at Ventional Shares.
The transpasing shares of a Shares and the rights attaching thesess are as follows:

injust Shares:

Nur-participated; redeemable preference shares of US i cent nomina menal Shares will only be respect to the Monager as par for the purpose rahing limits har the redemption of Farucipating Shares. Nominal Sharestell on Perspectancy Shares of any class, of psymiest of the relevant scription Price less the nominal value thereof.

becigioton Price also are security and the complete preference Shares in the rescovering Absters are Precionering Redocumble Preference Shares in the sequence Unit of between the effortunated of each Periocapating Share, the Manager (on init) of and subject to the overall supervision of the Directors is accordance with a Amagement Agreeviterial wall determine the currents at which such acceptating Share shall be desposated and the Paracquing Shares are devided into acceptating Shares and the desposated and the Paracquing Shares are devided into the propose of the initial office, the Manager intends to designate classes of articipating Shares in Deutschements, Secting, Swas Francs, US Dollars and Ven. The Manager may in the betwee designate new classes of Paracquing Shares in other currentness or designate new classes of Paracquing Shares in other currentness or designate new classes of Paracquing Shares in the Confession of the Confession of Paracquing Shares in the Confession of the Confession of Paracquing Shares in the Confession of the Confession of Paracquing Shares in the Confession of the Confession of Paracquing Shares in the Confession of the Confession of Paracquing Shares in the Confession of the Confession of Paracquing Shares in the Confession of the Confession of Paracquing Shares and the Confession of the Confession of Paracquing Shares and the Confession of the Confession of the Confession of Paracquing Shares and the Confession of the Confession of the Confession of Paracquing Shares and the Confession of the Confession of the Confession of Paracquing Shares and the Confession of the

ed. The Company will repirate a separate Fund for each class of Participating as to which the agrees and liabilities and accome and expenditure attributable HET to which the above and illumination and mainter has experience on a serious with the applied.

The Descripts will have discriming, subject to the approval of the Auditors, we let the Descripts will have discrimed the later or labelity will be allocated every the Founds including conditions in the subsequent reallocation thereoff of communities to require second of the Auditors of the Subsequent reallocation thereoff of a community to require second of the Auditors of th

Redemptions

Partrepating Shares may be redeemed on any Dealing Day for Settlement on
relevant Settlement Day at the Redemption Price.

(a) Delerral of Redemprisons
The Company as not bound to refer an any Dealing Day more than 2% of the
number of Perturpating Sharry of our class then in issue. In these
catenaturances the number to be redeemed many be scaled down so ensure that
the language faints is not reacceded and the belience thereot shall be carried
forward for redemption to the next following relevant Dealing Day and so on
tartif such redemption to a complete.

Comparisory Redemption II at the Valuation Point on a Dealing Day after 22nd September, 1964 the Net

The proposery recompletes the proposery of the proposery recompletes and a Dealing Day after 22nd September, 1964 the Net Aster Value and the less than the equivalent of US\$20,000,000 for much higher amount at the Derectors may determined by Continuous may redeem at their respective Redemption Process calculated on that Dealing Day for such other Dealing Day so wishin one munith thereafter as the Derectors may calculate the process of the Continuous many of the Continuous and the support of the Continuous transport of US\$1,000,000 (or such higher exposure as the Dealing Day within one many determine; the Conquiery may redeem at the relevant Redemption Price calculated on that Dealing Day for such other Dealing Day within one month therefore as the Devictors may determine; and the Continuous and the Participations of that Fund.

If I follow the equivalent or mybridge of Participating States of these than 4.1,100 or the equivalent or anch other sum as the Directors may from using to other determine.

(1) follo or the equivalent or facto ouner sum as are insections may assess as time determined.

The Director's have power no compel the transfer or resigniption of Participating Shares it at course to their stonce that any Participating Shares are not considered in the control of the state

3. Subscription inflorwing the Initial Offer Participants plants may be allowed underet as mentioned in Paragraph 4(b) below on one Dealang Day for Settlement on a paragraph 2-cellement Day at the ories set Subscription Price.
Participants Subscription Price.
Participants Subscription Price.
Participants Subscription Price.
Participants Subscription Price.
Participants Subscription Price.
Participants on the company of the Direction. Il subscriptions moves arrive late the applicant non-be-required in compensate the Company on the underest.
(a) The price at which a Participanting Share is allowed, converted or redressed shall

CURRENCY FUNDS

- ate fund designated in the an currency will be maintained in respect of each class of Subscription and redemption monies for su Shares will be ravable in the currency concerned (but see subscription and redemption monies in respect of the Yen Fund will not be payable in Yen. The strangements set out under "Yen Shares" will apply.
- INDERTEDNESS The Company has at the date hereof no debentures, loan capital (including term loans) outstanding or created but unissued nor any mortgages, charges, other horrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance
- credits, hire purchase commitments, or guarantees or other material contingent liabilities.
- a wholly owned Jersey subsidiary of Standard Chartered Bank PLC, the fifth longer United Kangdom Bank, with multi-currency deposits currently in excess of £22,000 mallion attracted through its international branch actwork from large and small investors.

  The investment Advisor is able to draw on the experience of the Sandard Chartered Bank Group's worklowide Treasury operations with their expertise in all espects of interbank and currency dealing.
- Manager
  The Manager is Standard Chartered Fund Managers (C.L.) Limited,
  a wholly owned subsidiary of Standard Chartered Bank (C.L.) Limited. istonian

  The Castodian is Scandard Chartered Trust Company (C.L.)

  mited, a wholly owned subsidiary of Scandard Chartered Bank (C.L.)

  mited, under independent management and with direct responsibility

  the castody of the assets of the Company.
- Allotment of Shares

  The subscription lists for the initial offer will open at 9.00a.m. on 8th September, 1983 and will close at 11.00a.m. on 17th September, 1983. In respect of applications received prior to 11.00a.m. on 15th September, 1983, Shares will be allotmed as at 15th September, 1983 and confirmed to applicants within seven days theresizes. Share certificates will be despetched within 28 days of allotment. Cleared funds received by the Company before allotment will be employed for the benefit of the relevant Currency Funds. All applications received after the closure of the subscription lists will be treated as applications for Shares at the prior ruling on the relevant Dealing Day. The first
- after the closure of the subscription lists will be treated as applications for Shares at the price ruling on the relevant Dealrig Day. The first available Dealing Day will be 22nd September, 1983.
  Following the initial offer, application may be made for Shares of my one Currency Fuld on any Dealing Day for sertlement on the relevant Settlement Day, provided that the completed application is received before 11,00a.m. Applications received after 11,00a.m. will be treated as if they had arrived on the following Dealing Day. Generally, the Manager will not deal until the date of receipt of cleared funds. However, where this date can be reliably anticipated, dealing and allotment will be so pravaged that the Sentlement Day will coincide with the anticipated date of receipt of cleared funds. In other cases, irems may be forwarded for collection at the investor's expense.

  Application may be made either by select or on the application form.
- management case or receipt of cleared funds. In other cases, items may be forwarded for collection at the investor's expense. Application on the period of the case of explication form. In the case of explication by teless, payment must be usede by telegraphic transfer for value on the relevant Settlement Day Shares will be allotted on receipt of confirmation by the remitting bank. Full details of the application and payment procedures are set out below. Applications will not be acknowledged but contract notes will be issued as set out in "Application Procedure."

  Shares will be accounted.
- "Application Procedute."

  Shares will be assued in registered from in the name(s) of the investor(s). A Nominee service is available if required and Investormay also make use of BDRs.
- Redemption of Shares Shares may be redea Shares may be redeemed on any Dealing Day by giving notice to the Manager in writing. Notices received by the Manager after 11.00a.m. on any Dealing Day will be deemed to have been received on the following Dealing Day. Written notice will normally be given by the investor(s) completing and signing the redemption request on the back

he determined by the Directors at the Valumies Point (9, 10a.m. galess the Directors otherwise determine) on the relevant Dealing Day onless a

by constrained by the Detectors as the washest Positing Day miles in the Detectors otherwise determined on the relevant Dealing Day miles in the Detectors otherwise determined on the relevant Dealing Day miles in the Detectors will determine at the Vibration Rems on that Dealing Day the Detectors will determine at the Vibration Rems on that Dealing Day the proposed Not Asset Vibration at the relevant Section at Section 1998 to the proposed Not Asset Vibration Rems on that Dealing Day the proposed Not Asset Vibration at Section 1998 to the proposed Not Asset Vibration Rems on that Dealing Day the proposed Not Asset Vibration at Section 1998 to the Participating Shares in the relevant Fund expected to be in own of the Dealers that the to the search Relation and the Contract of the Dealers that the total of the Contract of the Participating Shares on the Contract of th

Notice not withdrawn will be deak with on the Deaking Day next jollowing the end of the suspension.

The Directors are establed from time to time to make invitations to subscribe Partropsing Shares at a lined prace in accordance with the Armeles-Conversion.

Conversion:
 Conversion the Participating Shares of the original class are referented and Participating Shares of the new class are exceed. The number of Participating Shares and the superior of Participating Shares are superior of Participating Shares and the superior of Participating Shares are superior of the Shares are new to an accordance with the following formula:
 N= ORREC

**DIRECTORS & ADMINISTRATION** 

- Chairman Sir Ronald Leach, GBE, LLD. FCA. (British) Charman, Standard Charrered Bank (C.1:) Limited, Mayo House, Conway Street, St. Heiser, Jersey, Channel Islands.
- Norman John Holden, (British)
  Director in Austria, Standard Chartered Bank PLC, Repo Office, Kaerumer Ring 10, 1010 Wien, Austria.
- Werner Wilhelm Karl Neumann. (Grown)
  The Chief Manager, Germany, Standard Chartered Bank PLC.
  Knochenhauertwiete 5, 2000 Hamburg 1, West Germany. Peter William Weller, (Branh) Geogral Matager, Scandard Chartered Bank PLC, 10 Clements Lane. London EC/IN 7AB.
- John Stanley Wetherall. (British)
  Director, Standard Chartered Bank (C.L.) Limited, Mayo Hosse,
  Convay Street, St. Helier, Jersey, Channel Islands.
- Registered Office Mato House, Conway Street, St. Helier, Jersey, Channel Islands.
- of the share ceruficate and forwarding it to the Manager.

  Where the shareholder has utilised the services of S.C.B. Nominees (C.I.) Limited and has appointed that company to act on his behalf, instructions can be given by relex or releptione in accordance with the mandate. Full details are given under "Application Procedure".

  In all cases the following information is required:

  (a) Number and class of Shares to be redeemed or amount of cash to be raised.
- (b) Currency in which payment is to be made (any freely convertible currency other than Yen).
  (c) Share ceruficate number(s).
- Settlement
  Proceeds of redemption will be despatched on the relevant
  Settlement Day provided that, if a share certalcate has been issued, it is
  in the possession of the Manager not later than 11.00a.m. on that day,
  in the absence of other instructions, payment will be made in the
  currency of the Fund concerned (but see "Yen Share" below) by cheque
  posted to the shareholder's registered address on, at the shareholder's
  option, by cheque posted direct to his bankers for credit to a specified
  bank account.
- option, by cheque posses seems.

  Subject to acceptance by the beneficiary's bank, payments (generally only those in excess of £10,000) may be made by telegraphic transfer. Any costs involved will be deducted from the redemption.
- Share Valuation
  After the initial offer, the value of Shares in each Correccy Fund.

  After the initial offer, the value of Shares in each Correccy Fund.

  Design Pau by reference to the projected. was to calculate on each Octaing 1999 reterence to the projected value of the next assets of the relevant Currency. Fund on the relevant Settlement Day on the basis of information available on the Desling Day, but taking into account interest and expenses accruing to this Settlement Day. As there are no additional changes, this valuation determines the Subscription Price and Redemption Proc.

  Further information on pricing is given in "General Information"
- Price Publication
  The price for each class of Share will be available on request from
  the Manager, and it is intended that it will also be published daily in the
  Financial Times. The price will be quoted in the currency in which the
  relevant Shares are designated.
- Conversion

  Shares are designated.

  Conversion

  Shareholders will be able to convert all or part of their holdings of Shares in any Carrency Fund into Shares of another Carrency Fund by giving notice to the Manager on any Dealing Day by telephone, telex, letter or otherwise, normally followed by despatch to the Manager of the relevant share certificate with the conversion request completed.

  Where investors hold Shares under the nominee arrangements specified herein, conversion instructions must be given direct to S.C.B. Nominees (C.I.) Limited.

  Instructions received by 11.00a.m. on any Dealing Day will be processed on that day at the prices for the Cartency Funds concerned on that Dealing Day, instructions to convert received after 11.00a.m. on any such Day will be processed on the next Dealing Day. The exchange rate will be that ruling on the Dealing Day.

  The Exchange Information.
  - **GENERAL INFORMATION**

- where:

  Is the number of Participating Shares of the new class to be allested:
  as the number of Participating Shares of the new class to be conversed;
  as the newton of Participating Shares of the original class to be conversed;
  as the Redemption Price of the original class on the undermitted lang Day;
  is the rare of enchange (engressed as a fraction) determined by the Directors or
  1,0 that, no original conditions the description of enchanges
  is the Subscription Price for the new class ruling on the relevant Dealing Day,
  Missanguan Lowermann.
  The Articles provide that sulless the Directors otherwise determine to
  otherse of Participating Shares will be made in resport of an application in
  the Missanguan Lovernacy.

  The Articles provide that sulless the Directors otherwise determine to
  otherse of Participating Shares will be made in resport of an applicacion for less
  in the Missanguan Lovernacy.

  Physichecks Dividence constitution to be paid on Participating Shares. The Dividence on one at present intend to recommend that any dividench shall be declared nor do they propose to pay any interna dividends.
- 8. Voting All shares couler the right upon the bolder to receive ocuce of General Mertungs and to arrend and vote herest. On a poil holders of Partscrapating 5t and Foundary Slares are entailed to one one on one per share and a holder of Norma Stares a cutriled to one ware in respect of his holding of Normal Stares herespective of the number of Norman's bares held.
- and Squinders' Shares are establed to one wate per share and a holder of Nomanal Shares a cuttified to one sew or a respect or a but holding of Nomanal Shares are respective of the number of Nominal's Sharins held.

  1. We have Company as warmed up or discobord the impudance will apply the assets of the Company as increasing the cuttifier of classes as well respectively. The languadance will, at relation to possess sensible her distributions among Members, make pach crassises thereof on and from the Franch as man be recessary in the contract of the Company as the contract the relation of the Company and the contract the relation of the contract of

- Subject as provided in the Articles, no investment may be acquired which would recale in the value (determined as provided therein) of investments of any one Fund staned, another, accorded or pastentied by:

  (a) any one Apparoned Bank exceeding 10% of the stress of such Fund, save that in the fole case of Standard Chartered Bank FLC, the measurement value of the astes of Such Fund shall be the same laint as other Apparoned Banks tagether with an additional permaned items of 20% of the astes of such Fund.
- where it the winters of nuch round shall be the mante inter in ordine Approved Banks reporter with an additional permanent limit of 20% of the sasets of such Francis.

  (ii) any one issuer other than an Approved Bank exceeding 10% of the value of the sacets of such Francis of 12,000, whethere is the greater. Furthermore, no surveinness two by te made which would reach in the value of any one Fund's total habiting of shares not lessed or deck in our is stack continuing exceeding 10% of the walte of the suscend stack in the value of any one Fund's bound of the same of such francis on the stack continuing exceeding 10% of the walter of the suscend stack from the acquired if that would cause any one Fund's bolding thereat to exceed 10% of the total suscent of such Fund. No electrons in land may be somewhat any any suvestment where the automat provide in respect of forward purchases for such Fund shall as pay tem exceed 10% to the states thereof. The prominant was of all disastent parallel in respect of forward purchases for such reaches and the same of such Fund shall as any temperature. The content is the same of a such result in the content had in major contents the first in respect of any one Fund shall as any temperature. It is not the state to thereof. The prominant was of all disastent parallel to contents held in respect of any one Fund shall any temperature of such from the contents of the Custodian.

  10 Variation of Class Rights
- the cost of the holding an such contracts may not exceed 20% of the value of the search of such Fund. Lours to third partners may only be made of the contract of the Custodian.

  (b) Varianton of Class Rights

  (i) Subject to the provinces of Jerice have all or any of the special rights for the contract of the Custodian.

  (ii) Subject to the provinces of Jerice have all or any class special rights for the contract of the contrac
- c) Director's Remuser-exists a sach remuneration at may be used to them by the Corector's are qualified to sach remuneration at may be used to them by the Corector's are qualified Meeting. Such remuneration is decreased to generate them to the core of the
- learning action services to or at the request on the consequence of the services of the region of the services of the services of the services of the services of the services of the services of the services of the services of the services of the services of the services of the services of the services. One service of store and otherwise as the services of the services of the services. One service of store services of the services of the services of the services of the services. One services of store services of the servi
- my such comment, to examine a superior of matters in which he is manerally instructed or has inspered must however be declared by hem to the Board of instruction of his inspered or instruction operation, come, but the Contingues has power by Ordinary Resolution to exapted or relate Such restrictions or my rathy arm transactions not shy amborated by reason of a contraveneous thereof; (iv) Any Dorector may act by funnelli or through his little in a practical part of professional services at all the week my a Dorector, promoded that we continue the contraveneous descriptions of the professional services at the verte my a Dorector, promoded that and adults to the Companion. (v) A few Dorector may activate a metabolic professional services as the service of his little to each adults to the Companion.

  (v) A few Dorector may activate to relevant a Dorector, Managing and the Continuency of the Companion was to be interested or associated in breathers, no such Director, shall be accountable for all remembers of order of the other contraveneous and profession of the Companion of the Com

Depositary
Standard Chartered Bank PLC. Amsterdam Branch, Herengracht 418, P.O. Box 30-36, 1001 AK. Amsterdam, Netherlands.
Legal Advisers to the Company
In Jersey Mourant du Feu & Jeune, 16 Hill Street, St. Heliet, Jersey, Channel Islands.
In England Linklaters & Paines, Barrington House,
59-67 Gresham Street, London EC2V 7 JA. oers 2007: & Co., 12 Tokenhouse Yard, London EC2R 7AN.

Manager, Secretary and Registrar Standard Chartered Fund Managers (C.I.) Limited, PO. Box 122, Conway Street, St. Helier, Jersey, Channel Islands, Edephone No: (0334) 73454 Telex No: 4192013 Contodian

ndard Chartered Trust Company (C.I.) Limited, Commercial use, Commercial Street, St. Helser, Jersey, Channel Islands.

Bankers
Sundard Chartered Bank (C.I.) Limited, Mayo House, Conway Sereet,
St. Helier, Jersey, Channel Islands.
Investment Adviser
Standard Chartered Bank (C.I.) Limited, Mayo House, Conway Sereet,
St. Helier, Jersey, Channel Islands.
Auditors & Reporting Accountants
Past, Marwock, Mitchell & Co., Chartered Accountants, Equity &
Law House, La Morte Street, St. Helier, Jersey, Channel Islands.
Depositions

- Nominee Pacilities
  These are available through S.C.B. Nominees (C.L.) Limited as shown under "Application Procedure".
- Beaser Depositary Receipts
  BDRs representing any Shares in the Company will be available for issue by the Depositary at the request of investors, as shown under "Application Procedure." BDRs will be issued under an agreement between the Company, the Manager and the Depositary. They will not be available to United Kingdom residents.

  There is no intention to obtain a listing for BDRs on The Stock Exchange.
- Taxation
  The Directors do not consider that the Company is resident in the United Kingdom or Jersey and intend to conduct its affairs so that it will not become so resident.

  Legal advice has been obtained from the United States of America, the Federal Republic of Germany and Switzerland and, on the bases of such advice, the Directors consider that the Company's proposed method of operation should not, under normal circumstances, result in

- The right to convert is subject to the provisions on the temporary suspension of dealings mentoned in "General Information". It is also dependent on the Company having available sufficient authorised share capital to implement the conversion.

  The share-certificate will be posted to the shareholder when the old share certificate, it is used, is in the possession of the Manager, but the conversion itself will not be delayed.
- Yen Shares

  Owing to restrictions imposed by the Japanese authorities, no payments in respect of the issue or redemption of Yen shares may be made in Japanese Yen. Any necessary foreign exchange transactions will be undertaken by the Company's bankers. In the case of redemption Yen shares repayment will be made in sterling unless the sharehold specifies another freely convertible currency in which repayment is to
- Manager's Fees
  Akhough the Management Agreement provides for a fee to the Manager for its services as Manager, Secretary and Registrar at a rate of 1% per annum calculated by reference to the daily aggregate set asset value of all the Currency Fronts and accrused on a daily basis, the Manager has agreed for the time being to limit its charge to 0.75% per annum calculated on that basis. All out of pocket expenses properly incurred will also be reimbursed by the Company.

  Neither the Custodian nor the Investment Adviser will receive any fees from the Company. Their fees will be paid by the Manager.
- commission to investor's agents. Calculation of the commission psyable to any agent will be based upon the value of Shares, as calculated daily, subscribed through that agent so long as such Shares are outstanding. Commission will be payable quarterly in arrears in sterling. Investors who invest the equivalent of £500,000 or more on a direct basis with no agent involved may, at the Manager's discretion, themselves receive a commission payment on a similar basis to that shown in the above paragraph.

"Contracts Figure 1 supplies for the insufactory of expert of an holosoft in a minimal bitter's conductory of the conduc

DEFINITIONS

- the Company becoming subject to taustinn in any of those countries.

  The Comptroller of Income Lot in Jersey has confirmed that the Company's tability to Jersey tastrons is issued to corporation tax, which is at present (200 per annum.

  Prospective investors are advised to consult their professional advisers on the possible consequences of subscribing, bying, holding selling, converting or redeeming Shates directly or through nominees under the Laws of any arrisknithous to which they are subject.

  Shareholders resident ourself perset are not subject to rat in Jerse in respect of any Shares that they form. There is currently no tax on capital soms, capital parassler sales, tumover or inheritance and no
- in respect of any Shares that they own. There is currently no tax on capital gains, capital transfer, sales, turnover or inheritance and no estime duties in Jersey. No stamp duty is levide in Jersey on the acquisition, transfer or redemption of shares.

  The consent of the Jersey Comptroller of Income Tax has also been obtained for persons resident for tax purposes in Jersey to acquire or beneficially hold Shares. The attention of Jersey residents is drawn to the provisions of Article 134A of the Income Tax (Jersey Law 1961) which may render a resident liable to income tax on undistributed groome and profits of the Company.

  Clearance has been obtained from the Board of Inland Revenue of the United Kingdom under Section 160 of the Income and Corporation Taxes Act 1970 (the Yact') that the provisions of Section 460 of the Act (cancellation of tax advantages from certain transactions in secunities) will not apply to the issue or redemption of Shares or transfer of Shares (other than transfers to companies in which the vender has a substantial interest) of any class or to the conversion of Shares from one class to another.
- for United Kingdom tax purposes the proceeds on redemption of For United Kingdom Lix purposes the posterious of reasurphane or Stores will not, except as mentioned below, constitute income unless the recipient is segarded as dealing in securities. Holders of Shares who are resident or ordinarily resident in the United Kingdom, or carrying on trade in the United Kingdom through a branch or agency, assy, depending on their individual circumstances, be liable to Capual Goins Tax or Corporation Tox in respect of gains srising from the disposal or redemption of Shares. Conversion of Shares (other than those evidenced by BDRs) by such persons should not rink as a disposal for the purposes of United Kingdom taxation on capital gains.

  The attention of individuals ordinarily resident in the United Kingdom is drawn to Section 478 of the Act and to Section 43 of the Finance Act 1981 under which they could be assessed to ran on the undistributed income and profit of the Company attributable to their investment.
- The foregoing is based on Lw and practice currently in force and is subject to changes therein.

Financial Information

The Company's financial year will end on 31st March in each year, the first such intencial period ending on 31st March, 1984. The Company's statutory accounts will include a consoludated revenue account and balance sheet expressed in US Dollars and will be presented at the Annual General Meeting which will be held in Jersey. Revenue accounts and balance sheets will also be produced for each Currency Fund in the currency in which that Currency Fund is designated. The accounts will be issued to shareholders annually. An unaudited report on the Company's results for the first set months of each financial year will be increased to shareholders for information.

ics assects, but they are required to neutrics such becoming so that the aggregate amount remaining undischarged of all monits bottomed by the Community does not exceed 22 per cent of the Share Capital and Cosmoligates

- II. Directors

  (a) There are no existing or proposed service agreements between the Command any of an Directors.

  (b) A Director is not required to hold any shares of the Company by way of
- consideration.

  In there are no provisions regulating Directors to redire at any specified age.

  (d) The aggregate amount of Directors less is currently at the rate of (2,000) per anount, dwistle amount them as they may agree, failing which, in equal
- animum, cyclore amongst toest as they may agree, staining which, in equal alamon, so related to the company and other afficient and servants of the Contpany may be addressed and mormated from labelity as the declarage of their may be addressed to the company from their transfer and or neglectic. The Articles also provide that the amounts of transfer book systematy is given stail immediately attach as a heat-on-the property of the Cottipany and shall have priority over all other dants.

  (b) The agreements with the Manager, Costodian. Investment Advisor and Deposatory contain provisions updecensitying them from India holder at the discharge of their duties other than that regulating from their fraind or weglagence.
- Pest, Maewick, Mitchell & Co. Equity & Law House, La Motte Screet, St. Hebet, Jersey, Chennel Edands. 2nd September, 1983
- The Direction, Standard Offshare Money Marker Fund Limited, Standard Characted Offshare Money Marker, Jersey, Channel Islands. Many House, Counsy Stock, St. Haker, Jersey, Channel Islands. Deter Sex, Standard Chatteerd Offshare Money Marker Fund Limited was registered upder the level of Jeysey on 25th August, 1963:

  Standard Chatteerd Offshare Money Marker Fund Limited was registered upder the level of Jeysey on 25th August, 1963.

  As at the direct of this level of his piet Chanterplaced business and, accordingly, on accounts have been prepared and no Chanter of business and, accordingly, on accounts have been prepared and no Chanter of business and, accordingly, on accounts have been prepared and no Chanter of business and, accordingly, on accounts have been prepared and no Chanter of business and accounts to the control of the contr
- Neary institutes.

  Fig. 1. Mary inchange and the Co. Observed Accountance.

  14. Miscellanceus:

  13. The Company is not engaged in any irigazion and the Directors are not system of any irigazion or claims pending or the sense of against the content of the conten

- (ii) sowe as set out herein, no contaminations, discromes, brokenages or other special sexual have been granted by the Company in connections with the stance or proposed issue or sale of any deposal of the Company.

  (i) No copies of the Company is under option or agreed constitutionally or unconditionally to be put under option or agreed constitutionally or be unconditionally to be put under option.

  (ii) There is no proposery purchased or acquared by the Company, or proposed to the processed of the contraction of the party out of the processed of the contraction of the company, acquared or disposed of the company of many assets which have been a super the contraction of the Company, acquared or disposed of the or beased on the Company None of the Company, acquared or disposed of the or the contraction of the Company, acquared to dispose of the contraction of the Company, so the contraction of the Company which is a significant on relation to the bosoness of the Company which is a significant on relation to the bosoness of the Company which is a significant on relation to the bosoness of the Company which is a significant on relation to the bosoness of the Company.
- by the Company wance a segmentum at transfer to the minimum or ane Concepts of the Manager are: Mr C. Dickinsons, Mr O. J. C. Oakes, Mr S. P. Willers, Mr E. W. Weller and Mr J. S. Wecherall.

  13. Prillings, Mr E. W. Weller and Mr J. S. Wecherall.

  14. Note that the control has an extreme in the store capsus of the Company which would be control has a store as the store capsus of the Company were subject to the provisions of the Company were subject to the provisions of the Company ware subject to the provisions of the Company ware subject to the provisions of the Company ware subject to the provisions of the Company ware subject to the provisions of the Company ware subject to the provisions of the Company ware 1948 of Greek Bream (other than the penal provisions) to the Company ware 1948 of Greek Bream (other than the penal provisions) to the Oxigan Company was a subjective beyong separate to Section 419 of the AC, apply to this other and the alloument of Shreet in partitions of this Protipectus.

- (a) The provisions of decreases and all of the Companies Act 1948 of Green Branch (other than decreases) and all of the Companies Act 1948 of Green Branch (other than Act, apply to this other and the allocament of Simers in pursuance of the Prospectus.

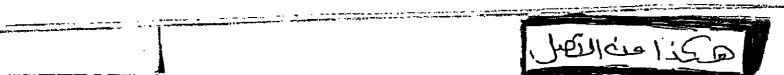
  (b) Section 419 of that Act, apply to this other and the allocament of Simers in pursuance of the Prospectus.

  (c) Under the terms of the Management Agreenest, investments may be bought from a cold to the Company to members of the Standard Chargeted Bank Curoup fother than the Costrollan but including the Manageri and appeal from a cold to the Costrollan but including the Manageri and appeal from a cold to the Costrollan but including the Manageri and appeal from a cold to the Costrollan but including the Manageri and appeal from a cold to the Costrollan but including the Manageri and appeal from a cold to the Costrollan but including the Manageri and appeal from the Costrollan and the Costrollan but including the Manageri and appeal from the cold that the Costrollan but including the Manageri and appeal from the cold that the Costrollan but including the Manageri and appeal from the cold that the Costrollan but including the Costrollan and t

Dated 2nd September, 1984

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STANDARD CHARTERED OFFSHORE MONEY MARKET FUND LIMITED



N.E.C., Birmingham

Earls Court

ptember 5 &

#### Group treasurer for **Royal Dutch Shell**

Petroleum Development Com-pany of Nigeria, has been appointed group treasurer of the ROYAL DUTCH/SHELL GROUP of companies from December 5. He succeeds Mr J. H. Macdonald who has resigned to take an out-side appointment.

Mr Robert Sanderson has been

appointed Mr (Gordon D. Miller as president and chief executive officer of a newly-formed subsi- CAPITAL, venture capital arm of diary, Geothermal Resources Citicorp in the UK, has appointed (UK). He is currently managing Mr Jon Moulton, director, as director of all the group's other general manager. UK operations.

BANQUE NATIONALE DE PARIS

ALGEMENE BANK NEDERLAND N.V.

KLEINWORT, BENSON LIMITED

Banque de Paris et des Pays-Bas Beigique S.A.

Barciays Bank Group Bayerische Hypothe

Calise Centrale des Banques Populaires

Crédit Genéral S.A. de Bampue

Credit Sukse First Boston Limited

Dominion Securities Ames Limited

Goldman Sachs Laternational Corp.

Lloyds Bunk International Limited

Samuel Montage & Co. Limbed

Pierson, Heidring & Pierson N.V.

Société Européenne de Banque S.A.

Sumitomo Finance International

Nippon European Bank S.A.

S.G. Warburg & Co. Ltd.

Istituto Bancario San Paolo di Torino

Chase Manhattan Capital Markets Group

Auro laternational Limited

Rank Remove Inco S.A.

Barione du Bénélus S.A.,

CAISSE DES DEPOTS ET CONSIGNATIONS

THE NIKKO SECURITIES CO., (EUROPE) LTD.

BANQUE INTERNATIONALE A LUXEMBOURG S.A.

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Mr D. R. Welham, at present Sloan Fellowship Programme at managing director of The Shell the London Business School.

sonnel director of United Biscuits UK has been elected chairman of the executive committee of the LONDON ENTERPRISE AGENCY. He succeeds Mr S. J. Gallacher, director of Shell UK, who becomes vice chairman.

appointed managing director of LOWNDES LAMBERT AVIATION.

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GEOTHERMAL RESOURCES
INTERNATIONAL, INC. has appointed Mr Gordon D. Miller
TORDER TO SERVICE STREET, STR

All three bonds having been sold, this amounte-

CAISSE NATIONALE DE L'ENERGIE

**ECU 50,000,000** 

11 3/4 % Bonds due 1995

Uncoaditionally guaranteed by the

REPUBLIC OF FRANCE

KREDIETBANK INTERNATIONAL GROUP

WESTDEUTSCHE LANDESBANK GIROZENTRALE

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stel Blank S.A. Commental Effects Capital Markets Group County Benk Limited

ed Wechsel Bank Aktienmatelischaft Ba

Dentsche Bank Aktiengesellschaft

Caisse d'Epargne de l'Etat

EN.V.

Crédit Industriel d'Alsace et de Lorralne

Ciricoro Canital Marketi Group

Dresdoer Rank Aktiengesellschaft.

Merrill Lynch International & Co.

Mounts International Limited

Rabobank Nederland

Société Générale

Swiss Bank Corporation International Limiter

Wood Gundy Limited

Hambros Bank Limited

Krediethank N.V.

Nederlandsche Midder

Bunca Commerciale Italiana

Bank Mees & Hope NV

Banque Française du Con



Mr D. R. Welham, to be Dutch/Shell Group

position of director of sales for Europe and the Middle East by

Mr Philip Harts, general manager of King and Hutchings, Uxbridge, has been appointed regional director UK by HOLIDAY INN. He will be BANK. He was vice-president pany-owned and managed UK DOWN AND SONS, Trowbridge. Both are divisions of Westminster Press. Mr Hartis takes up his appointment on September 24, in succession to Mr William Gibson who has been accepted for the eight company for the eight company of Morgan Guaranty. He inns and will be based at Brent-replaces Mr Barrett R. Petry who ford. He was food and bever-age director—Germany for Holiday Inns (Germany) Inc. Mr succession to Mr William Gibson who has been accepted for the eight company for the eight company of Morgan Guaranty in New York a: head of its Midday Inns (Germany) Inc. Mr succession to Mr William Gibson who has been accepted for the Mr Terry R. Mills has been

All these bonds having been sold, this sumounce-ment appears as a maner of record only.

BANQUE BRUXELLES LAMBERT S.A.

BERLINER HANDELS-UND FRANKFURTER BANK

CREDIT COMMERCIAL DE FRANCE

MORGAN STANLEY INTERNATIONAL

SOCIETE GENERALE DE BANQUES-A.

Bank Gutzwiller, Km7, Bungener (Overseas) Limited

Cera Cenarale Raiffelse

BANQUE INDOSUEZ

DAIWA EUROPE LIMITED

Bank of Tokyo International Limited

Crédit Industriel et Commercial

Geffra International Limited

Lebrian Brothers Kuhn Loeb

Micsobishi Bank (Europe) S.A. Nederlandse Credietbank nv

Salomon Brothers Internatio

Société Générale Alsacienne de Banque

The Taiyo Kobe Bank (Luxembourg) S.A.

Yamaichi Intépuational (Europe) Elmited

Orion Royal Bank Limited

Hill Samuel & Co. Limited

Banque Worns

S.A. Dewlin N.V.



The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose o considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

COMPANY MEETINGS—
REXIDER, Allenic Tower Hotel, Chapel Street. Liverpool. 12.00 ham Chamber of Industry and Commerce. 75, Harboard Meetingham, 2.00 EOARD MEETINGS—
Finalm 31:00 Crada Organic Chemicals 71:pct.n 1987-92 31:pc Finals Plust Heat Camuel Technology Services News Intel. Palmerston UT St. Jake Technology Services News Intel. Palmerston UT St. Jake Technology Services News Intel. Palmerston UT St. Jake Technology Services News Edward Kent Eigens Developed Kent Martanage (\*\*) Estates SpcLn 1992-97 4pc and Scull 7.255 Intnl. Capital Cpn. SpcLn 1931-87 Para Irani, Capital Can. Oscili 1931-97

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Herrill Turk Overseas Capital N-V Gtd.
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TOMORROW

COMPANY MEET MCS.

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Allastt London Frisc.

Allastt London Inds.

Directors 116, Pall Mail, Sv. 12.00

Assoc. Tooling Inds.

Bastitute of Directors. 116, Pall Mail, Sv. 12.00

McLeod Russell, Victoria House. Vernon Fisce WC. 12.00

Fisce WC. 12.00

Fisce WC. 12.00

Enable MEETINGS—
Cantors Option Frisce
Cantors Datastrate Frischell

Cantors Directors Frischell

Reached Consulting Engineers

Gentile Rames Branmer

Brownian Consulting Engineers

Gentile Rames Branmer

Branmer

Brownian Frischell

Frowith Financial

Roblingon Brushers (Ryders Green)

Sharpe and Fisher Stevers Green)

Sharpe and Fisher

Stewart Wrightson

Newbold and Burton Pennaular and Oriental Steam Navigation Phoenix Assurance Roval Wortester Sun Alliance and London Insurance Sun Alliance and London Insurance
DIVIDEND & INTEREST PAYMENTS—
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THURSDAY SEFTEMBER 8
COMPANY MEETINGS—
Airing Hume, Armoury House, Cart Ross.
EC. 12.00
Birmingham Mint. Birmingham Chamber
or Industry and Commerce. 3.54
HarBourne Ross Group Stressfeel Warks
Clay Mill. Endcld, Middleret. 3.03
Branthaulte and Ca. Engineers. 5t. Ermin's
Hotel. Carbon Street. SW. 12.00
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Brunning Goods, Brunning Hotel
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Buidger H. P.I. Green Dragon Hotel
Buidger H. P.I. Green Dragon Hotel
House, Parker Street, Wc. 12.00
Hampion Gold Mining Areas, Mar. SerHellesdaw, 12.00
Marston, Thompson and Eversted, Shashali
Road, Berton-on-Trent, 11.20
Desporaugh Ross, Mar. Mar. Mycomps.

Giospan, 12-us and Evershed, Shoonali Marston, Thompson and Evershed, Shoonali Raud, Billian Thompson, 1988. Cannon Street. EC 12-00. Paierison Jeeks Cassle House 71-75. Deborough Road, High Wycompo, Buckinghamaira. 12-75. Styria. Grosvenor House Hotel, Dark Lene. Styria. Grosvenor House Hotel, Dark Lene. Tex Abrahuse. Hermes Works. Groenand Road. Collement, Essett. 120. Drisnsparent Paper. Friendly House, 27-24. Chiswell Street. Ec. 10-00. Unigate. Dorrhester Hotel, Park Lane. W. 130-ARD MEETINGS—Finals:

Estates Property Inv Harmony Gold Mining Stewart Plastics
Thorpac Interims: Application Arrow Collins (William)
Cookson Detta. Drisnsparent Paper. Friedland Doggart
Gibbs and Dandy Hepworth Ceramit Prudential
Driving Rethers Friedland Doggart
Gibbs and Dandy Hepworth Ceramit Prudential
Braham Miller 0.59.
Braham Miller 0.59.
Braham Miller 0.59.
Galadata Asset Classma. 70.

Woodward (H.)
DIVIDEND & INTEREST PAYMENTS—
Braham Miller 0.50
Caledonian Assoc. Cinemas 70
Harrisons Malaysian Plants. Bernad 8 Sen
Parkale Hides. 0.50
Renoid 7-accadDb 1992-97 3116 pc
Staks 0.55p

Renoid 7-sectandbb 1992-97 30-10 pc

Stakes G.SSp

FRIDAY SEPTEMBER 9

COMPANY MEETINGS—
By No. Ft. Midson Hotel. New Street.
By No. G. Ft. Midson Hotel. New Street.
By No. G. Ft. Midson Hotel. New Street.
SW. 12-10

Electrocomponents. City Conference Centre.
75. Mark Lane. Ec. 12-00

General Electric. Institution of Electrical Engineers. Savoy Place. WC. 12-00

Michell Somer. Parmers Hall, 9. Listle Engineers. Savoy Place, WC. 12-00

Michell Somer. Parmers Hall, 9. Listle District Street.
Norton Opar. Cuecur's Meel. City Segare.
Leeds. 12-00

Michell Somers. Prescot Road. St. Holens. 2-30

Billington Brothers. Prescot Road. St. Holens. 2-30

Rf. D. Group. Baltic Eschange. 14-20.
210

Rf. D. Group. Baltic Eschange. 14-20.
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Road. Bow. E. 10-30

Russell (Alexander). Royal Scottish Automobile Club. 11, Blythswoop Square.

Col. Ro. Meet Indistrict Silk Street.

EC. Col. Road. M. Estings.

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BOARD MEETINGS—
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Home Counties Newspapers
Sharna Ware

AMF Counties Newspapers
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Sirmingham Mint 7.5p
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Countryside Props. 1.68p
Date and Kraft fire. 36cts
Golff Oil Com. 70cts
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of Fireworks 6.75p
Riley Drummond 1.5p
b. 57.5cts
lnc. 85cts
-Lambert 35cts

SATURDAY SEPTEMBER 10
DIVIDEND & INTEREST PAYMENTS
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6-50c Do. 1985-95 1981-84 3-50c. Do.
6-50c Do. 1985-95 1981-84 3-50c.
General Morors Do., 60cs. Do. 8drs. 3cts
Grace (W. R. 7 Oct.
Travelers Con. 45cs.
Travelers Con. 45cs.
Travelers Con. 45cs.
Utd. Technologies Con. 55cts

Engineering plant

cuts 56 jobs FIFTY-SIX production workers are being made redundant at the Newage engineering factory at Stamford, Lincs, because of reduced orders. A number of office staff will also lose their jobs. The company, which specialises in generators, has a workforce of 600.

#### **BASE LENDING RATES**

A.B.N. Bank

Al Baraka International
Allied Irish Bank

91% Heritable & Gen. Trust

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91% Kingsnorth Trust Ltd.

91% Knowsley & Co. Ltd.

91% Knowsley & Co. Ltd.

91% Hambros

Bank of Eland

91% Hill Samuel

91% Kingsnorth Trust

11% Knowsley & Co. Ltd.

91% Knowsley & Co. Ltd.

91% Hambros

10% Bank of Eland

91% Hill Samuel

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#### **BASF Aktiengesellschaft** Rights Issue

Copies of the English language prospectus will be available during normal business hours on any weekday (Saturdays and public holidays excepted) until the end of the subscription period, 19th September 1983, from:

Kleinwort, Benson Limited, S.G. Warburg & Co. Ltd., 20 Fenchurch Street, 30 Gresham Street. London EC3P 3DB. London EC2P 2EB.

Rowe & Pitman, 1st Floor, City Gate House, 39/45 Finsbury Square, London EC2A 1JA.

BASF Aktiengesellschaft D-6700 Ludwigshafen

Particulars of Joint Applicants (Pk-4 Cared-) Surname (Mr/Mrs, Miss/Tale): \_\_\_

#### Cable and Satellite TV Exhibi-tion and Conference—CAST (01-Sept. 11-14

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND **EXHIBITIONS** 

International Menswear - MAB (0727 63215) Autumn Gifts Fair (01-855 9201) Sept. 12-16 International Welding, Cutting and Metal Fabrication Exhibition —WELDEX (021 705 6707) N.E.C., Birmingham Ölympia

Builder's merchants exhibition-BEMEX (01-680 4200) (until Sept S) Wembley Conference Centre

international Carpet Fair (021 705 6707) Harrogate Exhibition Centre

Sept. 69
Offshore Europe Exhibition and Conference (01-549 5831)
Bridge of Don Showground,
Abardan

**OVERSEAS TRADE FAIRS** 

Earls Court Sept. 26-30 S.E. Asian Production Machinery Current International Autumn Fair (01and Industrial Development Show—MACHINE ASIA (01-486

Chelsea Antiques Fair (0727 56069)

Sept. 17-25 Great Home Entertainment Show (01-486 1951)

Chelsea Old Town Hall

493 3111) (until Sept. 10) Lelpzig Sept. 27-Oct. I International Chemical Plant and International Confectionery, Engineering Exhibition— INCHEM (01-221 2043) Tokyo Chocolate and Biscuit Trade Exhibition—INTERSUC (01-439 Sept. 29-Oct. 5 International Motor and Motor-cycle Show (01-139 3964) Paris

Sept. 13-24

International Autumn Trade Fair (01-891 2606) Vienna Sept. 30-Oct. 4 Toy and Gift Autumn Show (01-839 5901) Talpel International Engineering Fair (021-455 9600) Brao

Sept. 15-25 Middle East Construction and International Motor Show (01-734 Municipal Services Exhibition (01-935 8200) Kuwalt Frankfurt Sept. 19-22 International Hotel and Catering Equipment Exhibition—IGAFA (01-486 1951) Munich

Sept. 19-21

Sept 20-22

Sept 20

(01-486 1951) Fashion week

Business Research International: The international loan markets 1983 (01-637 4383)

British institute of Non-destruc-

tive Testing annual conference (0604 30124) Keele University

Reinsurance Management Insti-tute: Fundamentals of reinsur-ance (U.S. 214721 5360)

Oyez IBC: The art of negotiating for company executives and pro-

fessional advisers (01-236 4080) Portman Hotel, WL

Institute of Purchasing and Supply: The use of computers to

Cafe Royal, W1

University of Dailas

#### BUSINESS

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Sept. 10-18

Sept 14-21

#### AND MANAGEMENT CONFERENCES

FT Conference: Asian energy (01-621 1355) Singapore

Sept. 12-14 Risk Research Group: Captive insurance companies-establishnent, operation and management (01-236 2175) Tower Hotel, London

Sept. 14-16 Industrial Relations Services: Employee communications-how to get your message across and achieve success (01-328 4751) College of Marketing, Cookham,

aid purchasing and materials management (0780 5677) Cumberland Hotel, W1 Sept 26-29 tenance conference (01-572 7313)
Sheraton Hotel, Brussels Frost and Sullivan: Office auto-mation and integrated informa-Sept 27 Sept 27 Oyez IBC: The weaponry of civil procedure (01-236 4080) Cavendish Conference Centre, W1 tion processing support systems (01-486 0334) Hilton Hotel, Amsterdan

INSIG: International seminar on INSIG: International seminar on micro-computers and banks (Luxembourg 209 31)

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Sept. 28-29

Macfarlane Conferences: TV Sept. 18-23
The Institute of Cost and Management and radio — opportunities in corporate and financial advertisand development of management information systems (01637 2311)
Cawthorpe House, Bourne, near Peterborough

Macfarlane Connerences: Tv and radio — opportunities in corporate and financial advertising under the new IBA code—and the implications for Press advertising (01-637 7438)

London Press Centre, EC4

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

### Financial Times Conferences

#### THE FINANCIAL SERVICES **REVOLUTION: BANKS AND NON-**BANKS IN THE 1980's

London - October 24 and 25, 1983

Mr Lee Prussia, Senator Jake Garn, Mr Jacob Rothschild, Mr Russell Hogg and Mr Todd Conover are among the speakers at this high-level meeting.

#### **BANKING AND ELECTRONIC** TECHNOLOGY

London - October 26 and 27, 1983

This conference, timed immediately to follow the Financial Services Revolution conference, will examine all aspects of the adoption of new electronic methods in banking, including electronic funds transfer at the point of sale, the automated teller machine revolution, electronic corporate cash management and developments in banking software. The meeting will provide an opportunity not only to hear leading experts debate the technical developments but to exchange views with other senior executives concerned with the policy implications of advanced automation.

#### THE FINANCIAL TIMES CITY COURSE

London - October 6 to November 24, 1983

This course, arranged with the City University, is designed to provide a comprehensive guide to the working of the City of London trade and financial institutions. The sessions, consisting of eight afternoons, are divided into the particular aspects of "The City's" operations and each lecture will be given by a leading authority in his field.

> All enquiries should be addressed to: The Financial Times Limited Conference Organisation Minster House, Arthur Street London EC4R 9AX

Tel: 01-621 1355 Telex: 27347 CONF G Cables: FINCONF LONDON

STANDARD CHARTERED OFFSHORE MONEY MARKET FUND LIMITED (continued)

APPLICATION PROCEDURE

Correctory Tocher Units Yent, as detailed under "Correctors assumers man enShares". All applications must reach the Manager by 11,000 an, on 15th September,
1983, Shares will be allowed in respect of applications received before this tories as at
15th September, 1983 and consistence to applications within seven days hereafter.
Applications received large than that once will be trained at applications for
Startes at the places. The term small-ble Dealing Day will be 22nd September, 1965.
The Company reserves the right to reject our applications in whole or in part, in
which event the application tomores or any balance will be returned by past at the

STERLING
STANDARD CHARTERED BANK PIC
KING William Street Branch, 73-79 King William Street, London ECAN 7AB.
TELEX 885951 (SCBL G) ACCOUNT STANDARD CHARTERED BANK (CL.) LTD "NO 2 ACCOUNT" NUMBER 117.28136.

US DOLLARS STANDARD CHARTERED BANK PLC New York Branch, 160 Water Street, New York, U.S.A. TELEX 52021 OR 23/120 (START UR) ACCOUNT STANDARD CHARTERED BANK (C.I.) LTD TNO 2 ACCOUNT NUMBER 21-1703162-01

DEUTSCHEMARKS STANDARD CHAFTERED BANK PLC Hamburg Branch RO Bes 1104 40. Hamburg 11. TELEX 216-3771 (SCH D) ACCOUNT STANDARD CHARTERED BANK (GL) LTD NO 2 ACCOUNT NUMBER 017507461

SWISS FRANCS STANDARD CHARTERED BANK AG PD. Box 4322, 9022 Zunch, Swizerland, TRLEX 1917; (STCH CH) ACCOUNT STANDARD CHARTERED BANK (CL) LTD "NO 2 ACCOUNT" NUMBER 83009-00.010



#### Standard Chartered Offshore Money Market Fund Limited.

Application form for Participating Shares

This application form should be completed and delivered to STANDARD CHARTERED FUND MANAGERS (C.L.) LIMITED, P.O. BOX 122, CONWAY STREET, ST HELIER, JERSEY, CHANNEL ISLANDS.
Telephone (0534) 74454. Telex 4192013 ISCB IER GI.

Primen may be made by cheque or drain in my freely convertible currency OR by telex direct to the appropriate correspondent bank in the case of remittances in the currences for which bank details are given in the Prospectus.

Minimum initial investment in the Fund is 61.000 or the appropriate equivalent in other currences.

1. If We hereby apply for the number of Shares of the class or classes indicated below which can be purchased at the initial offer price for the stated amount enclosed subject to the Company? Memorandum and Articles of Association.

Class of Share Remittance Amount Nore (1)
Sterling
US Dollar

BANK. ADDRESS. to pay by telegraphic transfer to STANDARD CHARTERED BANK PLC/AG

for value on-Mease specify the correspondent Bank and account number in accordance with noise included with Prespectus. You must regain that you instruct your bank with full details if paying by telegraphic transfer.

DECLARATIONS

L WE hereby declare that

ADDRESS.

SIGNATURE DATE

(b) Where regularation in JOINT NAMES is required all other applicants must complete and sign the additional registration details.

(c) Shares may also be registered in the names of nominees on your behalf in which case no certificate will be posted but all communications will be bowarded to the above.

Please register in the name of S.C.B. Nominees (C.I.) Limited.

nte.

(d) Bearer Depositary Receipts may also be istued in respect of shares registered in the name of S.C.B. Nominees (C.I.)

d, in which case no certificate or correspondence will be logically other than the Receipt (tself.

Please issue a Bearer Depositary Receipt (not available to U.K. Residents)

NOTES:

(1) Funds remitted may be in any freely convertible currency except Ven. Please state currency and amount of your payment.

(2) In the case of Yen Shares payment must be in any other freely convertible currency.

(3) US person is defined in the Prospectus. It you are unable to make this declaration you may still be able to subscribe for shares. You should conside the Manager for turning information.

(4) A corporation must execute the application under its Common Seal or under the hand of a duty authorised officer whose expecting must be stated.

(5) The application may be completed by a duty authorised agent on behalf of the applicant(s).

2. PAYMENT DETAILS — Please complete eithes (a) OR (b)

(a) I exclose a cheque/draft for the total amount stated above, payable to STANDARD CHARTERED FUND

(b) I have instructed my bank which is:-Surname (Mr / Mrs. Miss/Title) -First Names: Signature: ragne (Mr. Mrs. Miss/Title):= L WE hereby declare that:

1 I am'um not OR we are, are not resident in Teracy for the purpose of the Income Tax (Jersey) Law 1961.

(b) The shares are NOT being acquired by a US person. (Note (3))

4. REGISTRATION DETAILS (Note (4))

(g) Applicant (Please complete in block capitals and refer to Note (4))

SURNAME Mr/Mrs/Miss/Title. Agent:



STANDARD CHARTERED OFFSHORE MONEY MARKET FUND LIMITED



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A FINANCIAL TIMES SURVEY **METALS** October

The Financial Times is proposing to publish a Survey on Metals in its issue of October 11 to coincide with the London Metal Exchange Dinner. The provisional editorial synopsis is

INTRODUCTION The metals market prospects.
OUTLOOK FOR INDIVIDUAL METALS
CONSUMPTION
PRODUCTION
Conv.da INVESTMENT FUTURES PRICING EAST-WEST TRADE

Copy date September 27 For further information and advertisement rates please contact:— Hugh Sutton Financial Advertising Department, Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 Ext. 3300 Telex: 885033 FINTIM G

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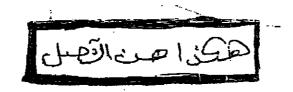
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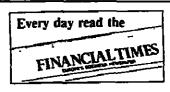
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以为第一场的历史中的时间,是是我的现在分词的《我们不是我们的,我们是我们的一个人,我们也是我们的一个人,我们也是我们的一个人,我们也是我们的一个人,我们的一个人,我们

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,2000年,1900



	WORLD STO	CK MARK	ETS		
Indices		AUSTRIA	CANADA	17ALY	HONG KONG
NEW YORK    Sept.   Aug   Aug   Aug   26   High   Low   High   Low	Sept   Sept   Aug.   Aug.   High   1985   Low	1985   Sept. 2   Price	1985   Stock   Sept.	31,900 28,500 Banca Com'lo 30,050 25,501 137,6 Bastopi (RBS 255 2,590 1,686 Centrala 2,060 61 bi7 3,699 Credito Varesumo 4,435 3,279 1,655 F.ast 3,80 77 35.2 F.nseder 4,435 147,431 103,125 Generate Assic: 143,975 2,720 1,920 Invest 2,720 48,200 27,600 Italcementi 45,400 2,546 99 Montedition 2,500 5,550 1,901 Olivett 3,510 3,099 2,315 Firelin Co 2,880 1,850 1,173 Firelin Co 2,880 1,850 671 Snat Viscosa 1,230	High Low H. R. S.  35.25 2.46 Bank East Ama 27.3 0.87 0.87 Carrana inwest. 0.87 10.9 6.95 Cheung Kong. 7.9 17.0 12.E China Light. 15.2 3.05 c.68 Hang Lung Dovet. 2.10 6.15 8.0 Hang Seng Bank. 45 6.15 4.55 KK Electric 5.65 4.00 6.37 HK Lund. 5.65 3.00 6.37 HK Lund. 7.7 8.77 6.8 HK Shanghar Bl., 7.6 8.77 6.8 HK Shanghar Bl., 7.7 15.2 9.25 Hutchison Wha. 5.25 15.2 9.25 Hutchison Wpa. 12.7 10.1 1.15 Jardina Math. 12.7 3.75 3.19 New World Dev. 5.05
TradingVo) 000-1 59,500 76,120 80,800 52,570 63,020 61,550 — — — — — — — — — — — — — — — — — —	Copenhagen SE (8/1/85) 185.81 187.45 186.81 186.42 187.45 (1.9) 180.09 (8-1)  FRANCE CAC General (51/12/82) 185.1 134.5 154.7 185.9 137.7 (25/8) 86.7 (3-1)  Ind Tendance (51/12/82) 141.5 142.8 142.7 145.7 145.5 (24/8) 98.0 (5/1)  GERMANY  FAZ. Aktien (51/12/88) 812.12 512.87 508.25 509.47 551.65 (7:7) 241.89 (25/1)  Commerszbank(Ded855 823.6 326.8 314.1 314.3 986.817.71 727.3 (75/11)  HONG KONG  Hang Seng Bank (81/7/64) 850.54 955.24 965.84 971.08 1/97.64 (21:7) 761.61 (4/1)	1985   Sept. 2   Price   Frs.   1,354   990   ARBED   1,322   3,650   3,700   Bank Int A Lux   4,650   3,300   2,080   Bekaert B   2,035   162   85   Centert B   1,600   3,660   Delhaize   4,600   4,660   Delhaize   4,600   4,600   Delhaize   4,600   4,640   Electrobel   6,350   6,400   4,460   Electrobel   6,350   6,200   2,710   G.B. Inno   3,070   5,2400   1,456   GBL   Brux   2,500   2,400   4,450   G.B. Inno   3,070   3,070   3,070   3,070   3,450   GBL   Brux   2,500   2,400   4,450   GBL   Brux   2,500   3,070	291, 221, Bell Canada 291, 161, 181, Bombardier 133, 161, Bombardier 133, 161, Bom Valley 271, 27 20 BP Canada Res 231, 271, 195, Briscan A 361, 4.20 2.70 Brinco 3.55, 141, 181, B.C. Forest 111, 291, 231, Cl. Inc. Fall 28 291, 231, Cl. Inc. 131, 121, Can Cement 133, 121, 121, Can NW Energy 271, 251, 161, Can Packers 241, 161, 161, 161, 161, 161, 161, 161, 1	13,999 9 970 Toro Assic	2.0 2.5 Orvent O'seas . 2.52 5.1 5.37 O seas Trust 5h 5.57 7.25 4.5 SKN Props 5.9 17.2 8.15 Swire Pac A 14.1 4.10 2.00 Wheel's Mand A. 2. 5.15 1.73 Wheel's Mand's 3.15 1.95 1.21 World Int. Hulgs. 1.67
Comp's'te 185,00 184.27 184.40 152.58 162.25 162:14 170.39 188.34 170.39 184.35 170.39	TRALY  Banca Comm Ital., 1972; 202.27 202.96 207.55 201.91 214.93 (21.3) 160,45 (15.1)  JAPAN**  Dow Average (164:49) 9183, 11 9228.35 9189.45 9195.92 8228.35 (14.9) 7603.18 (25.1)  Tokyo New SE (4/1/83) 876.31 880,72 676.35 677.9 682.49 (22.9) 674.51 (25.1)  NETHERLANDS  ANP-CBS General (1970) 188.4 138.8 188.4 138.1 143.4 (22.8) 100.1 (4.1)  ANP-CBS Indust (1970) 111.8 111.2 111.3 112.9 118.5 (22.6) 83.5 (4.1)  NORWAY  Oslo SE (4/1/83) 207.1 207.79 205.19 205.75 214.45 (18.8) 99.61(4/1)	2,300 1,740 Gevaert	4512   \$012 Can Trusted.   4512   42   30 Can Imp Bank.   3512   5014   35 Can Pacific   4512   2514   18   Can Pacific   4512   2514   18   Can Pacific   61   2414   1116   Carring O'Kfe   2216   2812   21   Cheftain   27   62   4414   Committee   62   2416   16   Cons Bathst A   2215   5.5   1.4   Copper Lake   3.90   5.00   2.96   Cosoka Res   4.10	129 100,0 AMEY	1983 Sept. # Price Yan  1,130 805 Alinomete. 1,080 2,780 1,610 Alps Electric 2,570 808 515 Amaga 780 412 262 Asshi Chem 380 621 510 Asshi Glass 608 540 440 Bridgeston 1,440 1,780 987 Casio Com p 1,340 1,480 1,070 Canon 1,440 1,480 1,070 Canon 1,440 1,480 1,50 Chigai Pham 2,20 680 315 Citizen 532 A30 880 Datei 610 903 702 Da Nispon Pts 848 600 432 Daiwa House 519 558 350 Datei 549 640 350 Datei 643 640 350 Datei 643 640 350 Datei 643 640 350 Datei 643 640 350 Datei 643 640 350 Datei 643 640 350 Datei 643 640 350 Datei 643 640 350 Datei 643
1985     1985   1985     1985     1985     1985     1985     1985     1985     1985     1985     1985     1985     1985     1985     1985     198	SINGAPORE Straights Times (1888) 878.48 986,29 989.39 988,12 992.52/25;9) 712.23 (5/1) SOUTH AFRICA Gold (1858) — 947.8 945.3 955.1 1899.5 (1/2) 694.5 (78.5) Industrial (1858) — 535.8 982.4 928.2 968.7 (28.5) 740.9 (5/1)  SPAIN Madrid SE (81/12.82) 115.07 115.5 114.55 120.62 (18/7) 98.52 (11/1)  SWEDEN Jacobson & P. (1/1/58) 1527.15 1512.17 1495.92 1497.94 1527.15 (2/8) , 895.15 (8/1)	1985   Sept. 2   Price	2.75 1.66 Doon Devei 1.90 4854 275 Denison Mines 4855 5074 27 Dofoosa 5014 2658 1854 Dome Mines 21 659 3.25 Dome Petroleum 554 2014 16 Dom Storea 2014 2714 20 Domtar 2715 81 4714 Falconbrge Ltd 80 3654 2014 Genstar 2814 2854 1815 Ginnt Yiknif 2854 2.25 1.85 Gt West Life 285	27.6 17.7 int Muller. 28.6 169.5 137 kLM 144 40.7 24 Naarden 40 162.2 122.9 Nat Ned Cert 150 38.3 24.5 Ned Cred Sank 35 167.5 93 Ned Mid Bank 133.5 108.5 85.1 Nedlloyd 201.5 169.5 Oce Grinten 207.5 29 18.4 Ommeren (Van 28.7 65.8 40.5 Pakhoed 57.5 12.7 Philips. 48.6 15.2 32.8 (in Schelde 4.5 314.5 244.0 Robeco 511.3 134.2 123.8 Rodamoo 504	1,680 1,030 Essa: 1,600 7,880 4,400 Fanue. 7,650 502 500 Fun Bank 500 2,460 1,400 Fun Film 2,230 1,280 1,000 Funsawa 1,070 1,380 625 Funtsu 1,580 2,040 1,480 Green Cross 1,800 520 421 Hasegawa 469 652 535 Herwa Real Est. 568 902, 750 Hitachi 860
NEW YORK ACTIVE STOCKS   Change   Friday   Slocks Closing on   traded   price   day   Cigna Corp 1,141,300   424 + 14   Haliburton   616,500   494 + 114   ATT	SwissBankCpn, (31/12/65: 355.3 356.0 362.8 551.1 547.0 (4.6) 794.4 (4/1)  WORLD Capital Intl. (1/1.70) — 177.7 177.3 176.5 182.7 (22/6) 154.3 (5/1)  (**) Saturday Aug 20: Japan Dow 9137.13. TSE 679.15.  8ase values of all isdices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poor—10: and Teronto—1.000: the last named based on 1975. † Excluding bonds. ‡ 400 Industriels. § 400 Industriels plus 40 Utilities, 40 Financials and 20 Transports. • Closed. Il Unaveilable,	1,350 650 Forenede Brygg, 1,300 298 148 Forenede Damp, 239 520 176 GNT Hidg. 519,4 720 270 1.9.5.8. 720 579 297 Jydske Bank 559 5,220 1,935 Novo Ind. 7,220 298 183,4 Privatbanker 280 280,6 157,6 Provinsbanker 274 324,6 170 Smidth FLI 256 1,072 583 Sophus Berend. 1,072 347,41 97,2 Superois 342,6	25 14 Hawk Sid. Can 164  25 1 1814 Hudson's Bay 2314 1314 814 Husky Oil 1154 6814 2834 Imacco 63 3934 27 Imp Oil A 3912 21 1354 Inco 21 1234 754 Indal 1012 3014 2114 Inter Pape 3014 38 19 Lac Minerals 3714	193.5 181.0 Rorento 180.8 141.7 92.2 Royal Dutch 140.5 225.8 189.0 Unilever 214 79 60 VMF Stork 75.5 108.6 60.2 VM 106.5 127.5 63.5 West Utr Bank 107  NORWAY  1985 Sept. 2 Price High Low Kroner	1,510 1,160 Hitatchi Credit 1,200 1,030 785 Honda 865 956 890 Hours Food 940 1,550 757 Hoya 1,520 348 275 Itoh (C 200 1,360 1,000 Ito-Yokado 1,550 1,740 995 twatsu 1,750 355 330 JACCS 340 2,250 JAL 2,590 763 520 Jusco 783 350 303 Kajma 325 651 525 Kao Soap 625 700 580 Kashiyama 625 445 383 Kirin 419
AMERICA  12 Month High Low Stock Dir. Yal. E 100s High Lo  *  Continued from Page 25		P/ Sts Class Prev. ack Dev. Yid. E 100s High Low Quote Class	3214 24 Mac Bloedel   2714   15   8 Marks & Spencer 14   758   3.70 Massey Ferg 6   4614   2512 McIntyre Mines 1634   63   5032 McIntyre Mines 1634   63   5032 McIntyre Mines 1634   63   5032 McIntyre Mines 1634   63   5032 McIntyre Mines 41   1154   659 Nat. Sea Prods A   632 Nova Alberta 2738   1278 Nova Alberta 738   1278   612 Oakwood Pet 12   1.30   0.82 Pacific Copper 0.99	122   101.5 Bergens Bank   116.1 190   85 Borregaard   170 181   112.5 Christiania Bk   120.5 149   117   Creditbank   127.5 110   37.5 Elkem   127.5 105   Norsk Data   280 592   272.5 Norsk Hydro   549 173   127.5 Storebrand   167.5	610 456 Kornatsu 5.55 675 561 Kornshricku 5.55 830 311 Kubota 314 469 875 Kumagai 441 7,970 4,100 Kyota Caramic 7,150 549 497 Maeda Const 521 1,390 690 Makino Miling 1,190 1,430 755 Makita 320 331 268 Marubeni 270 685 540 Marubeni 582
International Property Review Every Friday the		mate 30 74 274 284 274 + +1 Cost 15 28 10 14 354, 358, 353, 454 + +1 Cost 20 22 9 300 9 9 9 Sect 77, 43 26 121 18 174, 174, -1 Sect 77, 43 26 121 18 174, 174, -1 Sect 15 40 104, 104, 105, -1 Sect 15 40 104, 104, 105, -1 Sect 15 40 104, 104, 105, -1 Sect 15 40 104, 104, 105, -1 Sect 15 40 104, 105, -1 Sect 15 40 104, 105, -1 Sect 15 40 104, 105, -1 Sect 15 40 104, 105, -1 Sect 15 40 104, -1 Sect 16 40 105, -1 Sect 17 9 10 234, 23 234, -1 Sect 17 9 10 234, 23 234, -1 Sect 16 40 105, -1 Sect 17 9 10 234, -1 Sec	3012   614   Pan Can. Pet   27   41   19   Patino   35   2811   2014   Placer Dev   2714   1814   1254   Power Corp   154   1054   578   Quebec Strgn   1018   1514   714   Ranger Oil   1412   17   13   Reed Stenha A   15   17   18   Reed Stenha A   15   18   18   18   18   18   18   18	1985   Sept. 2   Price-Aust. 8	1,750 1,120 MEI . 1,380 657: 515 Mta Elec Works 580 501 500 M bish: Bank 500 575 500 M bish: Corp 505 430 645 M bish: Elect 414 520: 441 M bish: Elect 414 520: 441 M bish: Estate. 481 253 200 MM 212 435 350 Mitsu: Co 359 794 661 Mitsu: Co 359 794 661 Mitsu: Estate. 710 384 344 Mitsu: Estate. 720 486 600; 480 NGK Insuletors 683 225 171 Nihon Cement. 195 1,500 1,140 Nippon Denso 1,480 1,580 890 Nippon Denso 1,480 1,580 147 Nippon Elect 1,440 283 147 Nippon Express. 266
Financial Times publishes a detailed review of the activities in the UK and international property markets.  Specialist FT writers look at the background   104, 105   107   104, 107   107   108, 107   108, 107   108, 107   108, 107   108, 107   108, 107   108, 107   108, 107   108, 108, 108, 108, 108, 108, 108, 108,	\( \frac{1}{1} \) \( \frac{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1}{1} \) \( \frac{1} \) \( \frac{1} \) \( \frac{1} \) \( \frac{1} \) \( \frac{1} \) \( \frac{1} \)	im s 44 4278 29 28 28 4 28 4 19 8 5 1 5 1 5 1 5 1 - 1 1 1 1 1 1 1 1 1 1 1	41% 35% Seagram 41% 27% 12% Shell Can Oil 25% 27% 147% 29% Teck B	12.15 6.10 IBHP. 12.15 6.14 3.49 CRA. 6.06 4.35 2.52 CSR. 4.32 3.02 1.99 Cartton & Utd. 5.00 4.50 3.85 CastlemaineTys. 4.15 3.50 2.28 Coles (G.J.) 3.5 3.41 1.60 Comaico. 3.41 0.45 0.12 Consolutated Pet 0.45 1.50 0.88 Costain 1.50 1.38 0.89 Dunlop 1.34 6.44 4.70 E.Z. Inds. 6.20	695. 625 Nippon Gakty. 645 157: 129 Nippon Kokan. 144 1,090. 850 Nippon Oil. 906 600' 386 Nippon Seiko. 590 860. 655 Nippon Seiko. 590 860. 655 Nippon Steel. 166 347. 285 Nippon Steel. 166 347. 285 Nippon Steel. 166 247. 285 Nippon Suisan. 332 7,140. 4,040 NTV
and examine trends in the property development market.  Similarly every Monday Financial Times journalists turn their attention to the state of the property development market.  33, 34 Sancar 80 11 10 2 75, 77, 18 5 8 5 3 10 15 8 35 3 20 12 12 12 12 12 13 12 12 12 13 12 12 12 13 12 12 12 13 12 12 12 12 12 12 12 12 12 12 12 12 12	1. 72. 25 82. Tactrol 40 17 13 18 24 234 24 18 84 84 84 18 13 18 24 18 18 84 84 84 84 84 84 84 84 84 84 84 84 84	##-##-## C 15 84 84 84 84	FRANCE  1983   Sept. 2 Price High : Low   Frs.	4.25 2.50 Eders IXL 4.20 1.86 1.32 Energy Res 1.85 1.85 1.55 Genry Res 1.85 1.85 1.50 Griffin Coal 6.88 4.10 3.00 Nards 13. 4.00 3.40 1.35 Hartogen Energy 3.4 2.70 1.97 Heraldwy Times 2.6 2.15 1.48 ICI Aust. 2.10 0.36 0.17 Jimb lana(50cFP 0.25 0.29 0.17 Ka Ora Gold 0.27 6.10 3.12 Lend Lesse 4.98 4.78 3.58 MIM. 4.55 3.00 2.30 Mayne Nikless 2.90 2.70 1.30 Mackatharra Ma 1.40 1.62 1.10 Myer Emp 1.58 3.38 2.40 Nat Aus Bit 33.8	1,760 915 Ornron Tatessi. 1,630 2,800 1,960 Orient Leasing 2,660 2,960 2,110 Ploneer 2,960 705, 350 Renown 628 917: 639 Ricoh 887 791 635 Sankyo 767 507 425 Sanyo Elect 445 437. 256 Sapporo 373 752 599 Sekisui Prefab 599 10,600; 4,780 Seven Eleven 5,430 1,470 1,080 Sharp 1,440 578 456 Shimadzu 580 917: 780/Shionool 815
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com	p 500 panies?	·	1983   Sept. 2   Price	2400 750 Astra — 1,070 139 90 Avias Copco	13.76. 11.1 Barlow Rand 12.8 75.5 62.5 Suffeta 72.0 16 9.2 CNA Invest 15.8 4.3 3.00 Currie Finance 4.1 11.7 8.40 De Beers 10.90 49.75 36.5 Driefontein 41.8 70 48.5 FS Geduld 54.23 172 122.5 Gold Fields S.A. 151.5 6.55 4.60 Highveld Steel 6.7 14.8 10.2 Nedbank 14.5 29 20.5 CK Bazaars 24.5 3.40 2.4 Protea Hidge 3.0 25.5 18.2 Rembrandt 23.25
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ances of European companies – a way that is realistic and enables you to compare diverse companies publication – the value of each company's share (based upon information from	vay, Finland and Ireland with han 6.  The FT's tables rank the top cly-quoted companies, including s throughout Europe. And one ranks the top UK companies, an analysis of major UK trends.  The articles which accompany gures explain some of the	s you Reprints the	25.7 20.9 Hoesen 47.6 24 Holzmann (P) 424 164.0 111 Horten 159.5 213.5 157 Kail und Salz 212.2 283 188 Karstadt 267.0 274 195 Kaufhof 249 269.7 197.5 KHD 259.5 57 25.3 Klocokner 259.0 90 56 Krupp 77.4 402 203.5 Linde 273.0 121.5 81.1 Lufthansa 122.5 177 123 MAN. 126 177 125 MAN. 126 175 135.5 Mannenman. 135.5	884 503 Alusuisse 815 4,375 5,975 Bank Lgu 4,550 1,425 960 Brown Boveri 1,210 2,095 1,605 Ciba Geigy 2,000 1,975 1,290 do. (Part Certs) 1,620 2,200 1,915 Credit Susse 2,165 2,940 2,965 Elektrowatt 2,890 688 501 Fisher (Goo.) 630 8,850 2,450 Genevoise 3,450 9,300 7,650 Moff-Rochept Cts 89,500 9,300 7,650 Moff-Rochept Cts 89,500 9,300 7,650 Moff-Rochept Cts 89,500 1,765 1,500 Jelmoil 1,740	1985 Sept, 2 Price Pesets 1987 Low Pesets 259 209 Sco Silbao 218 308 255 Sco Central 285
leading European stock exchanges) surprimultiplied by the number of shares and S in the company. And the survey by sa ranks the top 500 companies. meas isatio	ises - for instance why Marks bencer comes No. 48 measured les, but shoots up to No. 4 ured on the FT's market capitalin scale.  ial Times, Bracken House, 10 Cannon Street, London, EC4P 4BY. Tel: 01-248 8000 lettstrasse 54, D-6000 Frankfurt-am-Main 1 Tel: 0611-7998. Price £2.50 (including postage).	ent.	284.7 185 Preussag 261 199 164.5 Rhen West Elect 165.5 348 294 Rosenthal 306 678 294 Schering 334 365 245.2 Stemens 334.5 87.8 66 Thyssen 70.0 194.3 165 Varta 163 182.5 137 Vebs 184.8 142.4 117 V.E.W. 118.8 225 282 Veru-West 308	278: 248 Prolli 253 6,473 4,500 Sandoz Bri 253 1020 461 Sandoz Pt Cts 985 448 305 Schindler (PtCts 425 749 491 25 Wissair 865 324 312 Swiss Bank 312 7,400 6,750 Swiss Reinstee 6,800 1,480 1,200 Swiss Volksbk 1,420 4,270 5,160 Union Bank 3,220 2,940 2,670 Wisterthur 2,575 18,875 1,6300 Zunch Ins 16,775	91 60,2 Telefonica. 85,7  NOTES:—Prices on this page ere on set of any large vector on the individual continence water of any large vector prices. S Castlenge water and are the vector prices. S Castlenge water and are the vector prices. Set of the control of the vector of the vecto

#### **Midway** upsurge at George **Armitage**

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Recovery at George Armitage and Sons, the privately-owned brick maker, is gathering momentum. In the first half of 1363 profit has surged from £35,000 to £550,000, and the directors are looking for a continuance of these healthier trading conditions during the second half.

Turnover moved up from £4.78m to £5.98m and trading profit from £3.3000 to £872,000. This "more acceptable" level of profitability reflects increased selling prices and continued strong demand for engineering and facing bricks, says the chairman Mr Geoffrey Armitage.

At the Accrington works demand for the quality acid-resisting products still remains low. The various options for modernisation there continue to be investigated.

(loss 1p) per share.

The interim dividend is being doubled to 5p, absorbing £77,000.

The 1982 total was 7.5p paid from pre-tax profits of £381,000.

Goring Kerr is a market leader in the design, manufacture and distribution of industrial metal detection equipment. It became a member of the Tace group in

Today's Rates 11%-11½%

Finance for Industry plc has changed its name and FFI Term Deposits are now called investors in Industry Term Deposits.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.
Interest paid gross, half-yearly.
Rates for deposits received not later than 9.9.83 are fixed for the terms shown:

Terms (years) 3 4 5 6 7 8 9 10 Interest % 11 11 114 114 114 114 114 114

Deposits to and further information from the Treasurer, lovestors in Indus Group plc, 91 Waterloo Road, London SE18X2 (01-928 7822 Ext. 367.) Cheques payable to "Bank of England, a/c Investors in Industry Group plc

Investors in Industry. 37

### Tace shareholders approve sale of Goring Kerr stake

SHAREHOLDERS OF Tace, the electronics and engineering company, approved the sale of 1.65m shares in its 90 per cent owned subsidiary Goring Kerr at an extraordinary general meeting on Friday.

The shares will be part of an offer for sale by tender which will reduce Tace's present shareholding from 90 per cent to 62.5 per cent. Mr Bruce Goring Kerr will 1968 and acquired its North of 200p a share, Goring Kerr will have a market capitalisation of film and sell, on the company's rest last five years except for a profits dip in 1979 to £135,000 in 1978. A high rate of inflation in the UK was said to have effected margins. Goring Kerr decided to expand overseas to increase total sales. Since then growth has accelerated with profits in the year to 525,000. The directors forecast that presents are directly forecast that presents are controlled in the control of 200p a share, Goring Kerr will have a market capitalisation of film and sell, on the company's estimates, on a p/e of 19, a gross dividend yield of 3.57 per cent and with the dividend covered overseas to increase total sales. Since then growth has accelerated with profits in the year to 525,000. The directors forecast that presents are controlled in the prospectus of the offer for sale will be published today, the subscription lists opens and closes on September 8, and dealing the profits in 1983 should amount the company's profits of 200p a share, Goring Kerr will have a market capitalisation of £12m and sell, on the company's estimates, on a p/e of 19, a gross profits dip in 1979 to £135,000 dividend yield of 3.57 per cent and with the dividend covered and with the dividend covered and with the dividend vield of 3.57 per cent sale will be published today, the subscription lists opens and closes on September 8, and dealing the profits in the year to subscription lists opens and closes on September 8, and dealing the profits in 1983 should amount the profits in 1983 should amount the profits in the year a market capitalisation of £12m and sell, on the company's

Kerr president and technical director of Goring Kerr, pro-poses to sell 150,000 of his shares in the company at the same time, reducing his holding from 10 per cent to 7.5 per cent.

in the company at the same time, reducing his holding from 10 per cent to 7.5 per cent.

The offer for sale will raise that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend of 5p net would have been the minimum tender price of 200p per share. Sheppard and Chase have sponsored the issue which has been underwritten. Application has been made for the whole of the issued share it further flexibility to expand the capital of Goring Kerr to be the same time, final dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They estimate that if the company had been listed for a full year a total dividend in respect of the year of 3p net. They early a full year a total dividend in respect of the year of 3p net. They early a full year a total dividend in respect of 3p net. They early a full year a total dividend in respect of 3p net. They early a full year a total dividend in respect to 3p net. They early a full year a total dividend in respect to 3p net. They early a full year a total di Deducting tax £193,000 (£13,000), preference dividends £33,000 (same), and crediting extraordinary items £33,000 (loss of £5,000) attributable to the ordinary; this is equal to 21.1p (loss 1p) per share.

Chase have sponsored the issue which has been underwritten. Application has been made for the whole of the issued share admitted to the Stock Exchange official list and dealings are expected to begin on September 15.

Goring Kerr is a market leader

its business. In particular the listing will allow it to issue mar-

tax profits in 1983 should amount to not less than £1.3m. They ex-pect to be able to recommend a

consideration at present. which are mainly in the U.S.,
At the minimum tender price

France and Germany.

Six months

after comparing

Bjorn Borg's we've proved more than a

match for the

competition.

Our service

**Ex-Lands falls mid-term** 

Profit on ordinary activities

before tax was down from £8,598
to £3,204, in the six months to
June 30 1983. Dividends received
amounted to £21,230 compared from three sales where the low
with £7,977, interest on deposits
was £714 (£243) and interest paid
was considerably lower at £76

Tace has made a shrewd move in floating off a slice of its Goring Kerr subsidiary. At the minimum tender price of 200p, Tace would raise a net £3m—just enough to wipe out its borrowings. A premium seems likely, even twough the minimum tender price represents a pice of 19 on price represents a p/e of 19 on forecast earnings. Bids of 220p might be necessary. GK has a well tested product with metal detection systems operating in environments as varied as the position of the province of the provi listing will allow it to issue marketable securities when opportunities for acquisitions arise,
though no acquisitions are under
consideration at present

**RIT and Northern** 

RIT directors have written to shareholders urging them to approve the conversion, through a wholly owned subsidiary, of a S5m limited partnership interest and \$25m subordinated loan note into a general partnership interest in L. F. Rothschild with effect from October 1 1983.

RIT holds a 25 per cent stake in L. R. Rothschild since exercis-ing a right to subscribe some \$33.5m on August 1 1983.

L. F. Rothschild provides corporate financial services and corporate mancial services and is a leading underwriter of new issues in the U.S. It is enjoying a record year and, although its profitability is closely linked to the level of activity in the U.S. financial markets, RIT directors expect such activity to continue at "good levels."

plans U.S. expansion THE INVESTMENT company
RIT and Northern will seek
approval from its shareholders to
double its stake to 50 per cent
in the New York investment bank
L. F. Rothschild, Unterberg,
Towbin, at an EGM on September 19 1983. It will form RIT's
largest single investment.

R. & H. Hall

#### halftime rise -interim up

A good first half has been experienced by Cork-based grain merchant R & H. Hall, with profits up from IRES65,000 to IREL2Im. The interim dividend is steepped up from 0.75p to Ip net per share, but this does not necessarily indicate a total above last year's 3.36p.

Mr G. H. Macilwraith, chairman, says the company is continuing to trade satisfactorily. Indications are that it will produce a "reasonable level" of trading profit in the second half, but this is dependent on a number of factors, including the volume of trade in the autumn period.

at "good levels."

Unaudited figures from L. F.

Roftschild for the year to June and minorities this time of \$20.000 and total current assets of \$1.05m and total current liabilities of \$2950,000. In the year to \$50.000 to \$220,000, for earnings ties of \$2950,000. In the year to \$50.000 per share.

#### MFI expansion programme well advanced says chief

First half results at the Ex-Lands investment company show a reduced profit on ordinary activities because the investment portfolio was reorganised during 1982, and there has been an initial reduction in dividend income received. This was anticipated in the chairman's from 0.46p to 0.5p, and net asset review sent to shareholders in May.

(£753).

There was a surplus on the disposal of listed investments totalling £25,028 (£17,452), and investments of £25,028 (£17,452), and investments of £2152 against £18,115. Stated earnings per 10p share improved earnings per 10p share improved review sent to shareholders in value per share was up from 13.95p to 18.02p (excluding Nigerian assets). Another satisfactory year is expected for MF1 Furniture Group—the UK's largest household furniture retailer—says Mr Arthur Southon, chairman, in his annual statement.

With regard to the present year, he says: "Current trading is running at a satisfactory level and I anticipate another satisfactory year."

For the 12 months to May 28, 1983 pre-tax profits advanced by over 112 per cent to £30.4m from turnover some £70m higher at £246.3m.

says Mr Southon, are well advanced for six new branches in new areas, and a number of relocations and extensions. He adds that the program He adds that the programme for the current year includes sites where space will be let to other retailers as tenants, together with a retail complex at Colindale in North West London. The group's head office will be relocated from Wembley to this site on completion in the middle of 1884.

middle of 1884.

At the year-end the group was trading from 121 branches with a total area of 3m sq ft against 2.8m sq ft for the previous year.

#### **GB Papers** expects good first half

First-half figures of GB Papers would be good and ahead of expectations, Mr Roger Fleming, the chairman, told the annua

meeting.

A forecast for the second six months was, however, difficult, he added, and shareholders were warned against over-optimistic expectations based on the pre-

expectations based on the pre-vious pattern of a much more profitable second half.

There was still surplus capacity in the industry and although up until now Guardbridge had been able to main-tain a full order book, there were signs that business might be becoming less plentiful and com-petition, particularly from Euro-pean mills, more intense.

Mr Fleming concluded that measures taken some time ago were continuing to show through and he was more hopeful of the group's future performance than for several years.

#### Mary Kathleen

Directors of Mary Kathleen Directors of Mary Kathleen
Uranium are recommending a
return of capital of 20 cents
per 25 cents share.

The return is subject to
approval by special resolution
of shareholders at a general
meeting to be held on September
26 and to confirmation by the
Supreme Court of Queensland,
it is stated.

#### FT Share Information

The following securities have been added to the Share Information Service: Anglo-African Finance (Industrials); Mezzanin Cap Part Red Pf (Finance, Land).

#### **BOARD MEETINGS**

Trust. FUTURE DATES

Interime—	
Associated Leisure	Sept 13
British Vita	Sept 13
Canning (W.)	Sept 12
Collins (Wm.)	Sept 8
Gibbs and Dandy	Sept 8
Jersey Electricity	Oct 3
Oil and Gas Production	Sept 15
Rosedimond Invest. Trust	Sept 20
Sedgwick	Sept 8
Vickers	Sept 22
Finals—	Sept &
Fleat Holdings	Sept 13
Harvey and Thompson	Sept 6
London Merchant Securities	Sept 13
Westpool Investment Trust	Sept 15

LADBROKE INDEX 702-709 (-5) Tel: 01-493 5261

#### N.A.V. at 31,8,83 US\$56.14 YIKING RESOURCES INTERNATIONAL N.Y.

INFO Pierson Reld:ing & Plerson N.V.

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#### **FIXED INTEREST STOCKS**

issue price £	Amount paid up	Latest Renung Cate	19 High		Stock	Ottoring price 2	+_°
92.96	£25	29/11	254	22	Allied-Lyons 11 5% Deb 2009	244	+ %
3	F.P.	18/7	10012	90	iAllied Plant 10% Cny tins Ln 85-88	185	!
	F.P.		129	107	Atlantic Met'n (UK) 124 UL 91/97	107	!2
	£20	28/10	2334	18	Bristol 11 to FRed. 2008	. 1914	- 14
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96.95	£25	21/10	25	221	C.C.C. Economic 12 4% Gtd. Ln. 3013.	24	
89.75	£3D	L 1	32	3014	Cigna Overseas Finance 13% Ln. 2008	32	+ 4
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_11	F.P.	22/9	332	104	Evode 8% Cnv Uns Ln 2003:08	13.22	
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#### "RIGHTS" OFFERS

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33	F.P.	_	9:9	38	34	Assoc. British Eng g 12.p		!
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25	F.P.	_	14/9	<u>30</u> 14		Crowther U.1	30	ļ
175	F.P.	_	9/9	197	185	Dixons Grp 10p	195	1
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100	Nii	i —	16/9	Izopm	TOSPIL	United Parcels 10p	118pm	li <u>-</u>

Renunciation data usually last day for dealing free of stamp duty. b Figures based on prospectus entimates. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. s Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983-84. Q Grass. I Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. P Figures or report swatted. § Placing price. p Pence unless otherwise ladicated. I Issued by tender. § Offered to holders of critically shares as a "rights," "I saved by tender. § Offered to holders of critically shares as a "rights," "I saved by tender. § Offered to holders of critically shares as a "rights," "I saved by tender. § Figures of critical states. If allotteen letters (or fully-paid). Provisional or partly-paid allotment letters. # With warrants. If Effective issue price after scrip. I Formerly dealt in under special rule.

#### PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus\*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

] .m	- ,		
Date	Announce- ment last year	Date	Announce- ment last year
*Associated	•	*General	
Brit PortsSept 15	Interim dus	MiningSept 15	Interior 55c
	Interim 2.5	GlaxoOct 11	Final 9.5
*BAT indsSept 21		GrattonOct 8	Interim 1
*BICCSept 7	interim 3.5	Habitat	
BTRSept 13	Interim 4.75	MothercareSept 6	Final 2.8
*Bank of		Hall EngSept 23	Interim 3.41
ScotlandSept 20	Interim 10.5	*Hambre LifeOct 5	Interim 4.025
*Berratt Devs Sept 20	Final 8.85	Hammerson	
Berrow	Cilidi pioa	PropertyOct 15	Interim 3.0
HepburnSept 20	Interim 0.8	Harris	
nepousi3ept 20	Final 1.5	QueenswayOct 12	10terim 1.67
Bejam Oct 13	interim 3.5	4Hepworth	
Beil (A.)Oct 6		CeramicSept 8	Interim 2.25
Bilton (P.)Sept 27	Final 3.8	*InchcapeSept 27	Interim 7.15
Blackwood	Interior OF	*Lond Merchant	1(011115 10
HodgeSept 9	Interim 0.5	SecuritiesSept 13	Final 0.87
Booker	1 man -1 m 4 P	MarchwelSopt 1	Interim 2.7
McConnellSept 18	interim 1.5	Menzies (J.)Sept 23	Intenm 1.6
*BowaterSept 13	Interim 4.25 Interim 1.673	Mills and Allen	
BowtherpsOct 5	interim 1.013	IntlSept 22	Froat 16.0
British	Constant Profes	MinetQct 7	Interim 2.45
AerospaceSapt 21	Interim 3.25	Mowlem (J.)Oct 14	Interim 2.1
British Electric	E: 1 6 497	NEISept 21	Interim 1.5
TractionSept 2	Final 6.137	News IntlSept 5	Final 3.07
*Brixton Ests\$apt 13	laterim 1.7	*P & OSept 7	Interim 4.0
*BunziSept 8	Interim 4.5	*Phoenix	4.440.1111. 4.40
Burmeh OilSept 15	Interim 1.5	AssuranceSept 7	Interim 7.3
Cape IndustsOct 5	Interim 1.7	*RMCSept 21	Interim 3.7
*Cons Gold	C	*Reckitt and	
FieldsSept 13	Final 16.0	ColmanSept 6	Interim 4.15
CostainSept 7	Interim 5.0 Interim 3.0	Rockware Oct 13	Interim nil
*Croda IntlSept 7	Interim 1.0	Senior Eng'gOct 12	Interim 0.75
CurrysOct 11	Interm 3.0	*ShellSept 15	Interim 9 2
*DRGSept 28	Final 11.0	Sun AllianceSept 7	Interim 19.5
DalgetySept 20	interim 2.041	*TarmacSept 19	Interim 3.2
DebenhamsOct 8	Interim 2.041	*Turner and	
*DeltaSept 6	Interim 2.0	NewsilSept 15	Interim 0.25
DunlopSept 23	Interim 7.0	UE1	Interim 1.8
Eagle StarSept 15	marin r.v	"Utd Biscuits Sept 15	Inserim 2.25
*European	Interim 1.0	•VicketsSept 22	Intenm 4.55
FerriesSept 9	Interim 2.5	•Willis Faber Sept 13	Interim 5.0
*ExcoSapt 6 *Expamet IntSapt 14	Interm 2.0		
Fieldy (1.)Oct 7	Interim 2	<ul> <li>Board meeting intim</li> </ul>	ated. † Rights
Finlay (J.)Oct 7 FisonsSept 20	Interim 5.0	lesue since made. 3 Tã	x free. A Scrip
FreemansOct 4	Interim 1.9	issue since made. ¶ For	rêCast.
Linework		- <del></del> -	
l .			

#### Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)

#### 27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212 Over-the-Counter Market

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Frank Horseil	125	_	_	_		8.7
Frank Horsall Pr Ord 87	120	_	87	73	5.0	83
Candadah Bashas						5.7
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George Rier,						
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Walter Alexander		+4				88
W. S. Yeates	267	_	77.7	6.4	4.1	85
	n Company Ass. Brit. Ind. Ord. Ass. Brit. Ind. CULS. Airsprung Group Armitage & Rhodes. Bardon Hill CCL 11pc Conv. Pref. Condico Group. Frank Horsell Pr Ord 87 Frank Horsell Pr Ord 87 Frederick Parker George Blart Ind. Precraion Castings Isis Conv. Pref. Jackson Group James Burrough Robert Jenkins Scruttons "A" Torday & Carlisle Unilock Holdings Watter Alexander	n Company Price Aes. Briz. Ind. Ord. 130 Ass. Briz. Ind. CULS. 141 Airsprung Group 70 Armitage & Rhodes. 21 Bardon Hill 222 CC1 11pc Conv. Pref. 143 Cmdleo Group. 126 Frank Horsell Pr Ord 87 120 Frederick Parker 57 George Blat 32 Ind. Precision Castings 66 Isis Conv. Pref. 200 Jackson Group 109 James Burrough 206 Robert Jenkins 157 Scruttons 'A' 68 Torday & Cartisle 112 Unilock Holdings 231 Walter Alexander 76	Change  Company  Ass. Brit. Ind. Ord. 120 —  Ass. Brit. Ind. CULS 141 —  Ass. Brit. Ind. CULS 142 —  Ass. Brit. Ind. CULS 143 —  Arispring Group 70 +1  Armitage & Rhodes 21 —  Bardon Hill 22 +2  CCL 11pc Conv. Pref. 143 —  Condico Group. 192 —  Frenk Horsell Prof 87 120 —  Frank Horsell Prof 87 120 —  Frank Horsell Prof 87 120 —  Frederick Parker 57 —1  George Blarr 32 —  Ind. Precision Castings 65 +1  Ind. Precision Castings 65 +1  Jackson Group 109 —5  James Burrough 206 —2  Robert Jenkins 157 —2  Scruttons "A" 88  Torday & Cartisle 112  Unilock Holdings 231 — 1  Valter Alexander 26 +4	Change Gross  n Company Price on week div.(g Ass. Brit. Ind. Ord. 120 — 54 Ass. Brit. Ind. Cul.S. 141 — 10.0 Arisprung Group 70 +1 61 Armitage & Rhodes. 21 — 43 Bardon Hill 222 +2 7.2 CCL 11pc Conv. Pref. 143 — 15.7 Cmdisco Group. 192 — 17.8 Deborah Services 55 +1 60 Frank Horseil 70 of 87 120 — 87 Frank Horseil 70 of 87 120 — 87 Frank Horseil 70 of 87 120 — 87 Frank Horseil 70 of 87 120 — 87 Frank Horseil 87 120 — 87 Frank Horseil 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 87 120 — 87 Frank Horseil 90 of 90 o	Change Gross Yield  Change Gross Yield  Change Gross Yield  Price on week div. (p) %  Ass. Brit. Ind. Ord. 130 — 54 49  Ass. Brit. Ind. CULS 141 — 210.0 7.1  Arispring Group 70 +1 61 8.7  Armitage & Rhodes 21 — 43 20.5  Bardon Hill 222 +2 7.2 3.2  CCL 11pc Conv. Pref. 143 — 15.7 11.0  Cmdico Group 192 — 17.6 9.2  Cmdico Group 192 — 17.6 9.2  Frank Horsell Pr Ord 87  Fr	Change Gross Yield   Change Gross Yield

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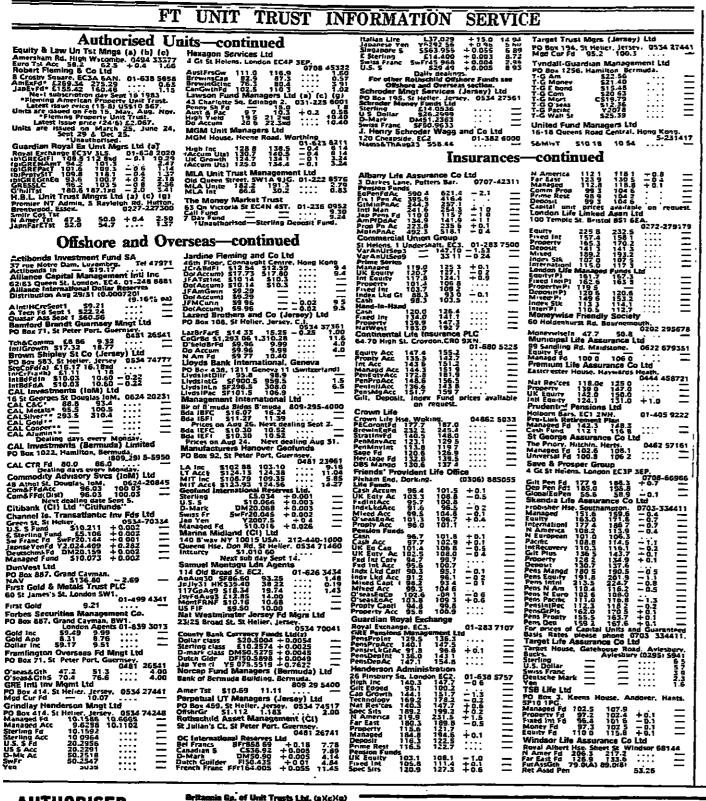
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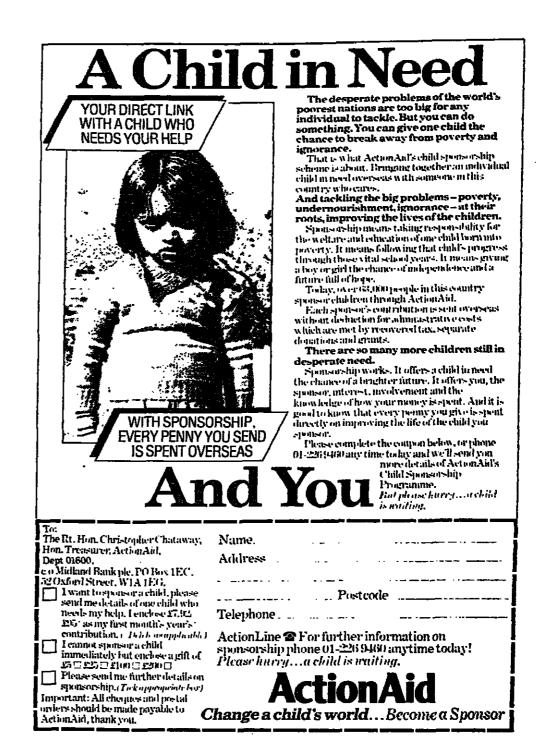
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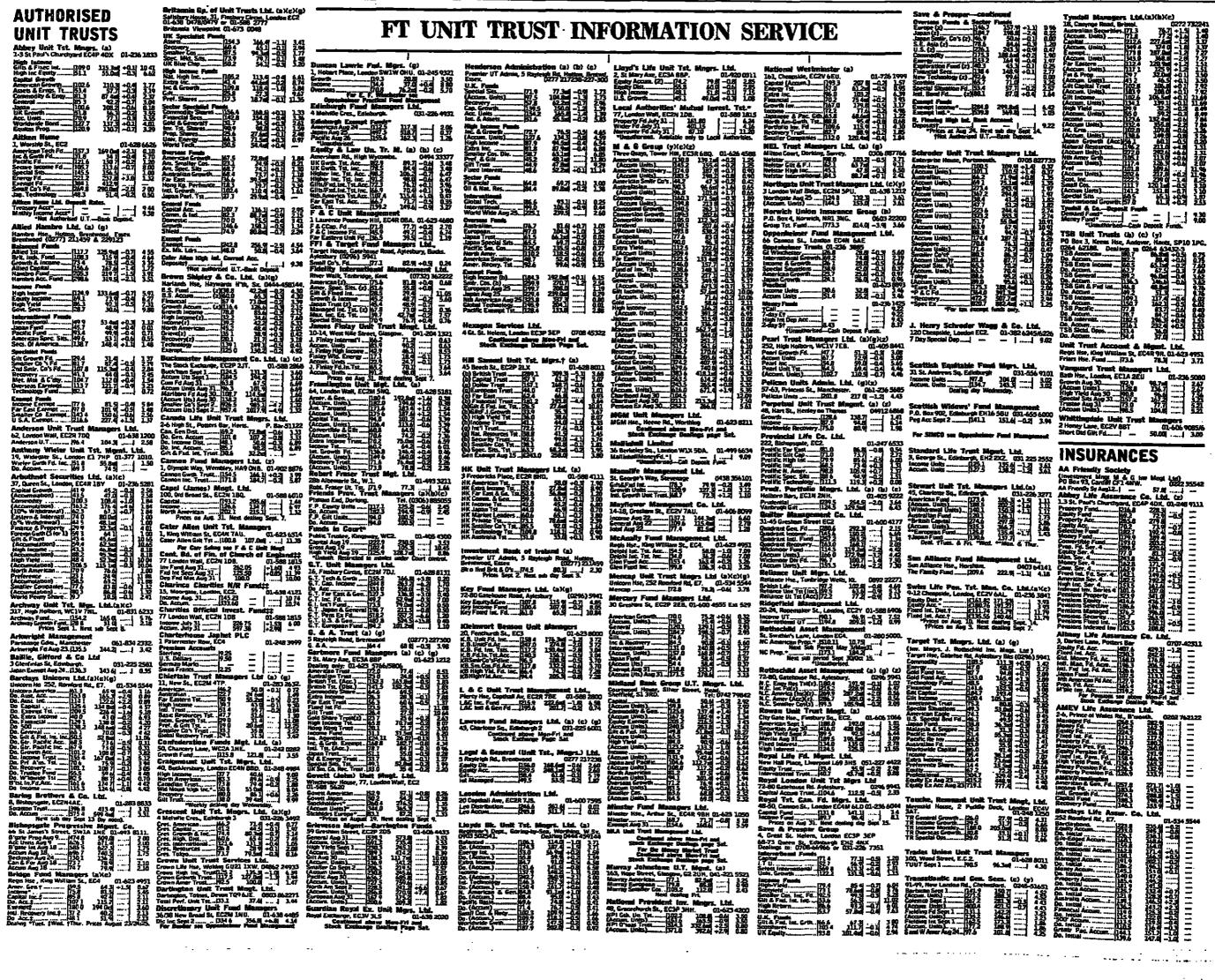
us at the address below for full details and a copy of our corporate brochure.

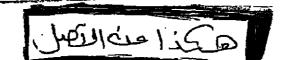
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Financial Times Monday September 5 1983 | Section | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Color | Co | DFUNDS | Hambers Fd. Magr. (C.1.) Ltd. | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26527| | Oscil.26 INSURANCE & OVERSEAS MANAGED FUNDS CES

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Financial Times Monday September 5 1983 31 INDUSTRIALS—Continued LEISURE PROPERTY—Continued INVESTMENT TRUSTS-Cont. OIL AND GAS—Continued Price of Met Cw Grs Pre Part Stack Price of Med Cor Gr's PRE

#### FINANCIAL FUTURES = FOREIGN EXCHANGES

#### **Bad conditions for forecasters**

Currency forecasters are not having an easy time at the moment. There has already been a general assumption that the dollar must weaken, but nobody seems able to get the timing right, and may well have further problems in the future.

Stering has also been expected to lose ground, but remains stubbornly firm against Continental currencies, and has not lost too much ground against

previous Friday's announcement, leaving the figure still outside

the Federal Reserve's revised target range.
September was also regarded as a difficult month from the point of view of the M1 figure, and against this background the dollar threatened to burst through its previous high points against the D-mark and several other currencies.

It did rise above DM 2.70 on

other currencies.

It did rise above DM 2.70 on Friday, but trading was thin ahead of the long holiday weekend in the U.S., and after some intervention by the Bundesbank finished below its best level. The U.S. currency was also on course to finish the week at the biebest confinential currencies, and has not lost too much ground against the advancing dollar.

U.S. money supply continued to dominate the foreign exchanes last week. There was some disappointment that M1 with hopes of \$500m, compared with hopes of \$500m, at the logistic the pressure in the afternoon. up the pressure in the afternoon on Friday.

**EMS EUROPEAN CURRENCY UNIT RATES** 

	ECU central rates	Currency amounts against ECU September 2	% change from central rate	% change adjusted for divergence	Divergence
Beigian Franc Danish Krona Gorman D-Mark French Franc Dutch Guilder Insh Punt Itelian Lira	44.9008	45.8249	+2.06	+1.24	±1.5447
	8.14104	8.19529	+0.67	-0.15	±1.8425
	2.24184	2.27882	+1.65	+0.83	±1.0542
	6.87456	6.86000	-0.21	-1.03	±1.4954
	2.52555	2.54782	+0.87	+0.05	±1.4964
	0.72569	0.724592	-0.15	-0.97	±1.6689
	1403.49	1359.34	-3.15	-3.15	±4.1505
Change	is are for	ECU, therefore	positive cal	ange pendus	a
Weak c	urrency. A	Adjustment cal	ulated by F	Inencial Time	5.

#### OTHER CURRENCIES

	;	i		£
Sept. 2	<u>-</u>	8		Note Rates
Argentina Peso. Australia Dollar. Srazil Cruzelro. Finland Markka. Greek Drachma. Hong Kong Dollar Iran Riat. KuwaitDinari KDI. Lixxembourg Fr. Malaysia Dollar. New Zealand Dir. Saudi Arab, Riyall Slingapore Dollar.	1,7076.1,7095 993,66 1,835,82 8,5900.8,6170 138,60 139,05 11,343.11,358 0,4365-0,4375 81,05-81,15 3,5150-3,5250 2,2035-2,5085 5,1990-5,2075 8,2030-3,2130	1.14.0-1.1415 688.0-671.0 5.7895-5.7625 92.85-93.00 7.5925-7.6025 88.25- 0.2921-0.2922 54.22-54.24 2.3530-2.4560 1.5390-1.5415 3.4790-3.4820 8.1440-2.1470	Denmark France Germany Italy Japan Netherlands Norway Portugal Spain Sweden Sweden	28.25.28.55 81.25.82.05 14.50.14.64 12.11.12.33 4.021.4.064 2390.2425 369.374 4.493.4.534 11.20.11.30 12812.205 2204.2354 11.83.11.93 5.26.5.39 1.4812.1.501a
Sth.African Rand U.A.E. Dirham	5,4875 5,4930	8.6720 3.5780	United States Yugoslavia	191 200

#### THE POUND SPOT AND FORWARD

Sopt 2	Day's spread	Close	One month	%, p.a.	Three months	% p.:
u s.	1,4920-1,4990	1.4950-1.4960	0.02-0.07c dis	-0.36	0.17-0.22dis	
Canada	1.8400-1.6470	1.8430-1.8440	0.10c pm-par	0.32	0.15-0.05 pt	n 0.2
Nothind.	4.491-4.521	4.50-4.51	14-1-c om		43-35 pm	3.4
Belgium	83.90-87.40	81.05-81.15	7c pm-3 dis	0.29	7 pm-3 dig	0.1
Denmark	14-48-14-55	14 491-14.501-	3'Sore dis	-3.36	6-74 dis	-1.8
Ireland	1.2790-1.2860	1.2805-1.2815	0.21-0.23p dis	-2.06	0.60-0.65dis	-1.9
W. Ger.	4.02-4.05	4.023-4.033	15-14pf pm	4.09	41-31 pm	3.8
Portugal	185.75-187.00	186.25-186.75	150-420c dis	- 18.34	470-1170dis	-17.5
Spain	227.75-229.00	228.10-228.30	245-325c dis	14.99	960-1195dis	-19.8
Italy	2.400-2.415	2.4021-2.4041	14-16 lire dis	-7.49	46-49 dis	-7.9
Norway	11.18-11.24	11.2011.215	21-31-ore dis	-3.34	83-93 dis	-3.2
France	12.10-12.18	12.11-12.12	3-4c dis	-3.47	16-18 dis	-6.6
Sweden	11 83 11 37	11.84-11.85	2-25-ore dis	-2.28	5'-5's dis	-1.8
Japan	368-370	3684-3694	0.95-0.75y pm	2.76	2.80-2.60 pm	n 2.9
Ausma	28.15-28.45	28.33-28.38	10 8 gropm		261, 231, pm	
Switz.	3.25-3.23	3.27-3.28	13-13c pm		43 <sub>8</sub> -37 <sub>8</sub> pm	5.0

Belgian rate is for convertible francs. Financial franc 81.35-81.45, Six month forward dollar 0.45-0.50c dis, 12-month 0.80-0.90c dis.

signs of coming back under control. The Federal Reserve may be more concerned with the wider-ranging M2 and M3 figures, but the market lives in constant fear of the highly volatile M1,

LONDON

THREE-MONTH EURODOLLAI

day's open int. 5.266 (5,556)

en int. 4,091 (4,193)

Prev 1.5002 1.5025 1.5045

Sept Dec Mar June Sept Dec Mar June Sept Dec Mar June

WEEKLY CHANGE IN WORLD INTEREST RATES

Change NEW YORK
Unoh'd Prime rates

FRANKFURT

MILAN

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, bend 3 bills 34 to 63 days. Rates quoted represent Benk of England buying selling rates with the money market. In other centres rates are generally deprates in the domestic money market and their respective changes during week. Band 4 bills  $\mathcal{D}_{s}$ .

One month Three month

DUBLIN One month Three mon

9,0 |9,3125

12,25 12,4575 18,4575

Jnch' d

int, 1,129 (1,162)

THREE-MONTH STERLING DEPOSIT

20-YEAR 12" NOTIONAL GILT E50,000 32nds of 100"

STERLING £25,000 S per £

TOKYO

BRUSSELS One month Three month

AMSTERDAM One month Three month

U.S. TREASURY BONDS (CBT) 8% S100.000 32rds of 100%

U S, TREASURY BILLS (IMM

90.07 90.14 89,35 89.47 88.77 88.82

Close 89,55 88.92

STERLING (IMM) Ss per £

THREE-MONTH EURODOLLAR (IMM)

High 89.59 68.97

Where this leaves the market is thard to say. The dollar is likely to remain firm, and is not far below the record levels touched in August. Central banks intervened to stem the dollar's advance last month, but the main reason for an easing of the upward pressure was several weeks when M1 showed signs of coming back under economic recovery is still fragile, and the market may decide to focus more attention on trade balances, in which case the dollar is likely to suffer. But while interest rates remain the dominating factor, there is every chance that the U.S. cur-rency will soon be testing new levels.

FORWARD RATES AGAINST STERLING

F	oller -Mark -Mark -mench Franc wiss Franc apanese Yen	3.2750	1 month 1.4960 4.0188 12.15 3.26 368.4	3 month 1,4975 3,9938 12,2850 3,2338 366.6	6 month 1,5003 3,8581 12,5165 3,1933 383,4	12 month 1.5040 3.8912 12.8511 3.1104 356.9
_						

BANK OF ENGLAND TREASURY BILL TENDER

:	Sept. 2	Aug. 26	·	Sept. 2	Aug. 26
Bills on offer Total of	£100m		Top accepted rate of discount.	9,3456%	9.3456%
	£416,54m	£403,42m	Average	_10.04,b <sub> </sub>	0,04-02
Total allocated	£100m	100m	rate of discount	9.3343% 9.56%	9,3386% 9,56%
accepted bid	£97.67	£97,67	Amount on offer		
Allotment at minimum level	21%	8%	at next tender	£100m i	£100m

**CURRENCY MOVEMENTS** 

0.699518 812 1.04528 9.54 334 19.8236 9 56.7816 719 10.1564 4 2.82241 412 3.15552 912 8.50286 -5.8 +17.6 +1.4 +2.9 -11.3 -5.7 +6.5 +12.0 +4.3 -14.1 -11.0 +5.7 85.3 129.5 92.9 115.9 90.9 79.3 125.4 150.7 115.4 67.7 50.2 146.2 Morgan Guaranty changes: averag 1980-1982=100. Bank of England inde (base average 1975\_=100).

THE DOLLAR SPOT AND FORWARD

Sept 2	Day's spread	Close	One month	*	Three	%
deht E	ahiata	CIUEG	ONE MONUI	p.e.	months.	<b>p.</b> a
UKţ	1.4920-1.4990	1.4950-1.4960	0.02-0.07c dig	-0.36	0.17-0.22die	-0.5
Irelandt	1.1830-1.1690	1.1670-1.1680	0.32-0.27c pm		0.84-0.74 pm	
Сапафа	1.2320-1.2335	1,2325-1,2330	0,09-0.06c pm		0.25-0.22 pm	
Nethind.	3.0100-3.0220	3.0110-3.0130	1.03-0.93c pm		3.04-2.94 pm	
Belgium	54.20-54.35	54.22-54.24	5-4c am		71-8 pm	0.7
Denmark	9.6800-9.7325	9.6825-9.6875	1.60-2.10gra dis		0.50 pm-par	0.1
W. Ger.	2.6895-2.7090	2.6945-2.6955	1.01-0.96pf pm		3.00-2.95 pm	
Portugal	124.30-124.90	124.50-124.80	100-275c dis			-16.9
Spain	152.40-152.90	152-50-152-60	160-195c dis			- 17.0
Italy .	1,605-1,6131,	1,607-1,608	92-10 lire dia			-7.6
Norway	7.4825-7.5125	7.4850-7.4900	1.60-1.90pre dis		4.90-5.20dis	
France	8.0950-8.1350	8.1000-8.1050	2.00-2.20c die	-3.11	9.90-10.40dis	-5.0
Sweden	7.9100-7.9350	7.9125-7.9176	1.15-1.35ore die	-1.89	2.30-2.50dis	-12
Japan	245.45-247.15	246.70-246.80	0.70-0.60y pm	3 16	2.20-2.10 pm	34
Austria	18.91-19.00	72.91-18.93	7.20-6.40gro pm	4 30	22.00-19.50pr	- 47
Switz.	2.1785-2.1950	2.1875-2.1885	1.09-1.04c pm		3.15-3.10 pm	<del>7.3</del> 5.7

discounts apply to the U.S. dollar and not to the Individual currency.

Belgian rate is for convertible francs. Financial franc 54.375-54.475.

#### **EXCHANGE CROSS RATES**

Sept. 2	Pound St'rling	U.S. Dollar	Deutscham'to	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Pollar	Belgian Franc
Pound Sterling	0.669	1.496	4.033	369,3	12.115	3,275	4.505	2404.	1,844	81,10
U.S. Dollar		1.	2,696	246,9	8,101	2,190	3,012	1607.	1,233	54,23
Deutschmark	0,248	0.871	1.	91.57	5,004	0.813	1,117	696,0	0.457	20.11
Japanese Yen 1,000	2,708	4.050	10.92	1000.	32,81	8,869	12,20	6509.	4.993	219,6
French Franc 10	0,825	1,234	5.529	304,8	10.	2.703	8.719	1984.	1.522	66.94
Swiss Franc	0.305	0,457	1.251	112,7	5,699	1.	1.376	753.9	0,665	24,76
Detch Guilder	0.222	0.332	0,895	81,96	2.689	0.727	1,874	633.5	0,409	18.00
Stahan Lira 1.000	0.416	0.622	1,678	168,6	5.041	1.863		1000.	0,767	33.74
Canadian Dollar	0.542	0.811	2,187	200.3	6.572	1.777	2,444	1304.	2.273	43,99
Belgian Franc 100	1.233	1.844	4,972	455,3	14.94	4.038	5,555	2964.		100,

#### **MONEY MARKETS**

#### A nervous time

It is a rather nervous time as far as the money markets are concerned, dominated by events in the U.S., although this has not been translated into any strong upward pressure on interest rates. In New York Federal funds were fairly steady at around 91 per cent, with the Federal Reserve intervening to add reserves on Wednesday when weekly make-up distortions threatened to push the rate higher. The Fed's move was somewhat unexpected, but somewhat unexpected, but helped to improve sentiment, which was tending to become nervous abead of a 86bn auction of five-year Treasury notes.

In the event the auction passed

off without trauma, but there was no way the market could shake off its apprehension about this month's M1 money supply figures. There is also a refunding package to be announced on September 19, although signs of a slowdown in U.S. economic growth, following a rise of only 0.3 per cent in the July index of economic indicators, was well received in the credit markets. Steady Eurodollar interest rates, helped to keep London interbank sterling rates virtually unchanged, after a week supply, running into a £350m supply, running into a £350m surplus on Wednesday, Sterling's reasonably good

performance on the foreign exchanges, even against the very strong dollar, helped to underpin confidence, but his was not the case in Frankfurt, where the return of the dollar above the DM 2.70 level was a factor behind

in London this month, and a similar situation is expected in Frankfurt, while banks were already bidding aggressively for funds last week in anticipation of a possible rise in the Lombard rate at this Thursday's Bundes bank council meeting.

Call monay toward 5.20 per bank of the Bundesbank's key leading rates, the market fears that the Lvi 4.5bn securities repurchase agreement expiring on September 12, will be replaced

Tax payments are likely to cause tighter credit conditions

or a possible rise in the Lombard that the 151 4.5bn securities rate at this Thursday's Bunder repurchase agreement expiring on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities rate at this Thursday's Bunder on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around that the 151 4.5bn securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around the securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around the securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around the securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around the securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around the securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around the securities repurchase agreement expiring on September 12, will be replaced by another at a rate of around the securities repurchase agreement expiring the securities repurchase agreement expiring the securities repurchase agreement expiring

#### LONDON MONEY RATES

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s per cent.

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MONEY RATES

#### INTEREST RATES

**EURO-CURRENCY INTEREST RATES** 

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**NEW YORK** GERMANY FRANCE JAPAN SWITZERLAND

NETHERLANDS \$ CERTIFICATES OF DEPOSIT LONG TERM EURO S SDR LINKED DEPOSITS ECU LINKED DEPOSITS

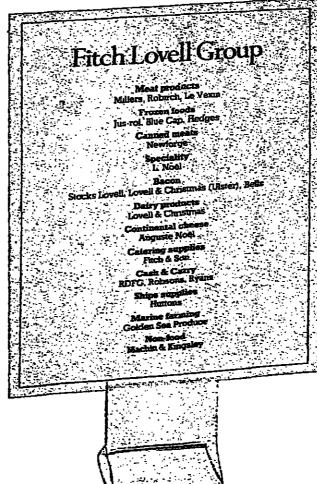
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The Group now contains some of the most efficient companies in the food industry.

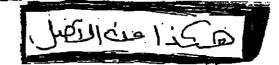
It also has the resources to embark on a careful, selective and highly-disciplined programme of acquisition.

And it has a management team that's dedicated to consistent, year-on-year growth, based on a blend of established skills, innovative philosophies and proven Success.

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Address		
		<del></del> :



such as Sermuda. More than 1,200 companies were formed in

this way in Bermuda alone. The

Bermuda market seldom saw the

best business offered and unless

the underwriting was unusually

prudent the consequences could be disastrous.

aramatic shake-out and a con-traction in capacity of a \$5bn insurance and reinsurance mar-

ket. Stuffed with bad insurance

dramatic repercussions through-out the reinsurance world.

Regulators have been worried

about the apparent abuses of

business. Lloyd's is faced

with the problems of having to

overhaul its market and insti-

tute effective self regulatory

mechanisms in order to restore

rapid growth of the reinsurance market are now causing anxiety

among more established re-

insurance groups. Mr John Lock, general manager of the

Mercantile and General Reinsur-

ance Company, Britain's largest

reinsurer, warned recently that

the growth of the market had

created severe management problems in the industry. He said: "The admininstrative

is extremely inefficient in many

The problems created by the

their parent company.

offshore centres.

Here there are signs of a

### REINSURANC AND WORLD INSURANCE MARKETS

By John Moore CITY CORRESPONDENT

THE WORLD'S reinsurers, the professionals who lay off risks for all types of insurance concerns, are experiencing the first Growth of the industry was major shakeout in their community since their businesses capacity in the U.S. contracted

For years it has been the connal wisdom of the established reinsurer and insurer to argue that the problems within the market were created by overcapacity—too many supsurance looking for business which was not expanding at the same rate as the available

Cut-throat competition, caused by the growing volume of participants in the reinsurance market, an overall lack of underwriting expertise and experience among some groups, and poor financial controls in other groups could mean serious trouble for the more established

concerns.
The "big bang" theory, which has been put forward at every major insurance conven-would have otherwise been tion for the last five years, and beyond the capacity of indivino doubt will be heard again this week at Monte Carlo, held that some huge natural catastrophe, such as a hurricane, would sweep away the new-comers to the market and put tremendous strains on the more stablished insurance and rein-

Ironically, the market has been hit in the past year by a series of unnatural "catastrophes," such as the troubles at Lloyd's, which have largely been caused by the market's structure. These events are causing a major reassessment by regulators and reinsurance specialists alike of reinsurance

the 14th century. A boom at low cost.

in the industry took place in the 1970s. In 1965 reinsurance premiums amounted

began to expand rapidly in the dramatically as falling stock finance other business ventures, mid-70s.

The world's insured risks market values eroded insurance The world's insured risks companies' reserves. The U.S. came to be spread throughout

Many of the newcomers laxed regulatory environments, describing themselves as re-insurers were operating little more than shell companies, taking money in through a to \$5.6bn and currently stand more than shell companies, at more than \$40bn. By comparison direct non-life insurance premiums grew from a tiny amount of the risk, and reinsuring the bulk of their standards of the standard the same period. own business out again with Growth of the industry was other reinsurers. In this way they had access to capital, which could be invested to

Representatives of the world's reinsurance community, in Monte Carlo this week for their annual convention, are meeting against a background of unprecedented uncertainty in their markets. Problems arising from the market's structure have led to a major reassessment of the work of the reinsurer which could lead to a healthier industry.

were spread throughout London and Europe.

European reinsurance groups,

seeing the possibility provided by the American insurance market for reinsurance business, started developing their own operations in the U.S. own operations in the U.S. while established U.S. insursace groups developed their own reinsurance departments to cope with the demand. The unexpected level of demand and high interest rates

encouraged others to enter the market Reinsurance, for some of the participants new to the reinsurance game, became little more than a glorified banking As a commercial activity operation, an access to a virtu-reinsurance has its origins in ally unlimited supply of capital

insurance industry sought ex- a colossal daisy chain

tensive reinsurance protection. Insurers, whose financial status. The reinsurers were able to was often open to question. But offer a pool of capital which as the world's risks became paid for large losses which atomised, as the pot of money representing reinsurance premiums was passed around, so it became more difficult for individual insurers or reinsurers to identify the participants in their programme of risk bearing.

The problem was compounded by the entry of respectable conceras into the reinsurance arena. Industrial companies seeking to reduce their insur-ance costs established their own insurance concerns - known as captives "-which insured the risks of their parent companies. But adverse rulings in the U.S. encouraged them to develop He said: "The admininstrative their captive companies as pro- and accounting infrastructure per commercial insurers and has not kept pace with the reinsurers accepting business growth of the business. We from outside the parent com-

The captives were usually set of its administrative and up in offshore centres with re- accounting functions."

that covers claims only to the extent that they exceed a stated

reinsurance of risks that the original insurer may elect whether or not to offer for reinsurance. The reinsurer is free to accept or reject the offer. Facultative obligatory treaty: a reinsurance treaty under which an insurer may elect whether to offer a risk of a specified type for reinsurance. The reinsurer is obliged to accept if the business is offered.

Surplus line: 1, the amount of

siness and huge losses, some In order to satisfy its appe-tite, the market "stimulates turnover by encouraging ex-cessive use of reinsurance captives owned by large industrial parent companies are curb-ing their activities by not accepting business from outside and other reinsurance arrangements." The Lloyd's experience of

the past year and the scandals which have emerged have had dramatic repercussions through the past year and the scandals world.

Mr Lock argued that the market has largely abandoned the concept of underwriting profit the past year and the concept of underwriting profit the past year and the concept of underwriting profit the past year and the concept of underwriting profit the past year and the scandals which we have the past year and the scandals which we have the past year and the scandals which have emerged have have the past year and the scandals which have emerged have had concept of underwriting profit the past year and the scandals which have emerged have had dramatic repercussions through the past year and the scandals which have emerged have had concept of underwriting profit the past year. and has become virtually dependent on earnings from overriding commission and investment income. "We have a the reinsurance system which have surfaced in the Lloyd's market and which have market and which have damaged the image of certain market where the level of operating profitability is reducing and which is no longer generating sufficient surplus to In the U.S. competitors of Lloyd's have been quick to exploit the problems of the market in order to attract fund its own growth. We have a market where doubts are growing both amongst purchasers of reinsurance and supervisory authorities about the financial

security and stability of many reinsurance operations." Already in the UK the Department of Trade and Industry has brought in more procedures to monitor more effectively the underlying security of rein-surers operating in Britain.

But the security of the world's eroded by other factors. Brokers. particularly in Britain, have seen that there are considerable opportunities for commisa large reinsurance programme. For each layer of reinsurance business which they carry out the broking they receive a com-

#### Treaty: a contract providing for a number of reinsurances over Key terms in a period. reinsurance

on a reinsurance treaty or cover. 2. a risk which a broker is in his own state and for which he must therefore seek cover outside the state. In this context the expression is widely used in the U.S.

Ceding company: an insurance company that transfers risks by means of reinsurance. Retrocessionaire: a reinsurer who buys reinsurance on some

reinsurance required after the of the risks he has agreed to maximum line has been declared bear.

passing business perhaps in the first instance to their Lloyd's managed syndicates, and then reinsuring those syndicates with reinsurance groups which they own. In this way risk bearing premium is gradually reduced and whittled away to non-risk bearing commission.

#### Exposed

This has often left the brokers under reserved, which has meant large capital injections at a later date. In this way the security of the broker has been exposed by its own involvement in risk bearing reinsurance business.

There are other ways in which the security of the world's reinsurance market has become management of underwriting activities in the Lloyd's market vunerable. Overseas companies establishing operations outside their own markets have usually chosen to do so through an underwriting agency facility.

The underwriting agent receives remuneration in fees or on a business volume related basis from the companies for which they act. The agent reslon generation through broking ceives the business from a commission remnnerated broker. There is no identical interest between the two operators-the broker and the agent-producnission. ing business for the companies. Some brokers, in order to The two operators do not carry boost their revenue volumes, any part of the risk and make have created in-house insurance their money from generating

Overriding commission: A discount allowed to an agent or ceding insurer in addition to normal commission. In reinsurance it is usually done by way of contribution to the direct

Proportional reinsurance: re insurance of part of an original insurance premiums and losses being shared proportionately between reinsurer and insurer Non-proportionate reinsurance reinsurance such as excess of loss reinsurance where the reinsurer's liability is not calculated proportionately to the

Ouota share reinsurance: treaty reinsurance providing that the reinsurer shall accept a specified share of the risk,

for the overseas companies and

There are signs now that com-

panies setting up in overseas

markets are attempting to set up locally based contact offices

or fully fledged subsidiary com-panies rather than operate

Against this unsettled back-

American brokers are assessing

their involvement in underwrit-ing. Marsh & McLennan Com-

panies, the world's largest broker, is withdrawing from all underwriting activity largely because it feels that underwrit-

ing conflicts with the activity

of pure broking. Others may follow and already Lloyd's

brokers are forced by Act of

Parliament to cease their active

But with the shakeout throughout the market has

come a possible change in the

underwriting trends. Rates are

said to be rising sporadically perhaps beginning to influence

the direct insurance market. "It would be surprising if there

the market structure as the

impact of underwriting losses

inadequate reserves, falling investment income and rising

Mr Lock.

expenses take their toll," said

The changes that will come can only lead to a healthier

and more secure reinsurance

through an agency system.

People's Insurance Company of China: Domestic expansion is the driving In that relationship the quality of the business produced force

> Captives: The Bermuda shakeout begins

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# Bowring World-wide Reinsurance

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The Bowring Building, Tower Place, London EC3P 3BE Tel: 01-283 3100 Telex: 882191 A Member of The Bowring Group & Marsh & McLennan Companies, Inc. Fluctuating currencies and interest rates are causing major problems, reports John Makinson

### Hazardous path for the fund managers

THE CHAIRMAN of the U.S. Federal Reserve Board must be one of the most unpopular figures in the international reinsurance industry's casebook of villains. The sharp fluctua-tions in currencies and interest rates engendered by U.S. mone-tary policy have made the task of the industry's asset managers extremely hazardous. Filling in the log-book of a pitching ship

Geographical diversification should, in principle, provide insurance and reinsurance comanies with protection against a shake-out in any particular market. If, for example, the Canadian market develops a severe dose of over-capacity, resulting in heavy discounting, an insurance company should be in a position to use, say, its European business to restore the balance. In practice, how-ever, diversification of this kind can create as many problems as

assets and liabilities in currency

**World money** markets

For a reinsurance company's fund manager, the problem is not to assess the currency exposure of his investments, which is constantly monitored,

but to calculate the actual breakdown of the company's liabilities. The composition of the biggest liability of all—the reserve for outstanding claims—is at best a matter of guess-

Even the most sophisticated actuary will be unable to pre-dict with any certainty how much particular claims can be expected to cost or what unreported losses may suddenly emerge. Moreover, some categories of loss cannot be accurately apportioned to a terms. They also endeavour to set their premium rates with an eye to the expected return on invested premium income and to gauge their overall volume of business according to the arrival ss according to the anticiagainst those reserves could level of shareholders' arise in any of a number of

assess the completeness of a company's matching than the manager himself. Not every company provides a clear breakdown of assets and liabilities according to currency and the balance sheet position may itself be untypical of the average position over a year. Moreover, the often substantial hidden reserves maintained by continental reinsurance groups further confuse the already cloudy currency picture.

For many reinsurance com-panies, international diversification is a matter of necessity. The Swiss market, for example, is far too small to support a company of the size of Swiss Re. Its liabilities, therefore, are de-nominated overwhelmingly in foreign currencies. Yet, with predominantly Swiss share-holders, it is reasonable for Swiss Re to consider its shareholders' funds as a domestic currency liability.

If the Swiss franc is consistently strong against other currencies, notably the U.S. dollar, as was the case through-out the late 1970s, the Swiss company will find that its share-

higher than average growth in overseas markets both to maintain optimal gearing on its shareholders' funds and to cover its expenses, a high proportion of which will be denominated in Swiss francs.

Recently, however, the dollar has been in the ascendant, leaving the European reinsur-ance companies with the oppo-site problem. Unless it reins back its overseas operations, shareholders may reasonably complain that the group is over-geared. Conversely, the U.S. companies will feel in a stronger position to expand in overseas markets.

#### Investments

The upshoot of volatile currencies, therefore, is not only to exacerbate the matching problems of an individual com-pany but to accelerate move-

may find that their return on money market investments is no longer sufficient to make up a deficit on the pure reinsurance account. Conversely, the value of their fixed-interest debt portfolio will rise, strengthening the company's reserve position.

The fund manager has been assisted in his task by the proliferation of instruments which enable him to hedge his risk at short notice. Currency futures, for example, can be used either to hedge an unbalanced position in a particular currency or to purchase in advance a currency in which a liability is expected to arise.

Also, interest rate futures enable a fund manager to proagainst sudden movements in against sudden movements in the cost of money. By buying a fixed-interest security in the cash market, and then setting up a "bear" position in a match-ing futures contract, the risk to

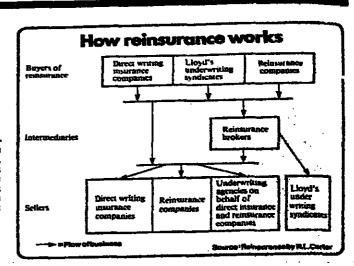
out or the next earthquake Swiss franc terms, opening the occurs.

The shareholder will probably find it more difficult to assess the completeness of a company's matching than the swiss matching than the swiss and the company's matching than the swiss matching than the swiss achieved depends crucially on come from non-life reinsurance showed virtually no change investments.

If short-term interest rates of the company notes, was due in suddenly tumble, as happened large measure to a fall in the company's matching than the swiss crucially on come from non-life reinsurance showed virtually no change in the return from short-term interest rates of all curopean company's matching than the swiss company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in such company to the accuration that it is not putting shareholders' in th currencies against the Swiss franc. Swiss Re generally earns less than 10 per cent of its premium income in Swiss

Investment income, however, climbed from SwFr 280m to SwFr 328m. Here, Swiss Rebenefited from its traditional policy of investing a higher proportion of its assets in Swiss francs than would strictly be justified by the profile of its liabilities. The accounts show that 38 per cent of the comthat 38 per cent of the com-pany's capital market and real estate investments were in enable a fund manager to pro-tect himself to some extent of course, look different if deposits and other short term in-

calculation.
There is no easy way for



### Bargains now but risks lie ahead

"THE BUYER, with his broker ally, is reasonably adept at finding secure reinsurance and he is finding it at very attractive prices, so unless the two efforts of skill and will are made—and it is only in your hands as sellers—we buyers will go on taking you to the cleaners."

This warning to reinsurers was handed out by the representative of a direct insurer at the Reinsurance Offices Associations' Sixth International Reinsurance Seminar, held in April. The "bargain basement" view of the reinsurance market. unpalatable as it is to rein-surers, is one which they have

increasingly had to come to terms with, and which, be-latedly, they are trying to Buyers use the reinsurance market to spread risk, in much the same way that bookmakers lay off bets with other book-

buyer's fundamental need is for protection against loss or disaster. The smaller the insurer, the greater the rein-surance protection needed against a possible accumulation

of risks. The buyer also looks for capacity. Reinsurance enables an larger risks than would otherwise be the case. In a highly competitive direct market, where the size and complexity of risks is ever increasing, the value of large capacity is

ed for large scale protection and capacity demonstrates the extent of the buyer's dependence on reinsurance. It rates affect rates in the direct s therefore vital to the buyer's

#### Disproportionate

The buyer must, however, strike a balance between these needs and cost. With rates in the direct market at often deri-sory levels, the buyer looks for the reinsurance programme which will enable him to retain as much of his premium income

as possible. Reinsurance also serves to even out fluctuations in the buyer's results. In some classes of insurance, for example aviation, loss experience can vary widely from year to year and individual losses can involve dis-proportionately large amounts of money. But an insurer's per-formance must show some consistency, if only for shareholders' peace of mind,

The buyer uses reinsurance to move into new fields. This applies both to the small, recently established company which wants to expand, and to the more well established company seeking to exploit previously unutilised markets. Initially, the buyer needs the technical expertise which ex-perienced reinsurers can offer, and reinsurers, in the early years, will have to bear an unduly large proportion of the

negotiating reciprocal gements with reinsurers, the buyer uses his need for protection as a means of entering the reinsurance market itself. Theoretically, this provides him method of expanding his port-

In an ideal market, insurers would make a professional assessment of their reinsurance needs, based on the various objectives outlined above, and reinsurers would provide them with balanced reinsurance pro-tection. The reality is somewhat

It is still largely true that most buyers in the international reinsurance market are in-terested solely in high capacity Reinsurance rates are, on the

whole, ridiculously low and bear no relation to loss experience. Commissions, tradi-tionally granted to the original insurer, or cedant, for business acquisition costs, have reached disproportionately high levels.

Reinsurance premiums, to quote a much-used phrase, flow ducte a much-used phrase, now like glue. Many reinsurance agreements have high premium reserves, held by the cedant on behalf of reinsurers. Reinsurers

Buyers

are lucky to be credited with 5

Many of these problems stem from overcapacity. Prospective reinsurers have been attracted by the low initial costs, com-pared with the direct market, the volume of premium, and the possibility of accumulating that premium before being his by the large claims.

At the same tme. recession has intensified competition in the direct market. Aided by high interest rates, premium levels have tumbled. Reinsurance rates have fol-lowed the fortunes of the direct chasing a dwindling supply of

At first sight, this may seem entirely to the buyer's advant-age. He can shop around for a deal that offers him capacity at

a low price.
In the long term, however, the buyer is damaging his own interests. The dividing line between buyer and seller is not at all rigidly defined because markets are inextricably bound up with one another. Insurers act as reinsurers through reciprocal agreements, and rein-surers find themselves in the position of buyers when arranging their own reinsura

known as retrocession.

More specifically, reinsurance market. If the insurer can rely on cheap reinsurance cover, he interests that his reinsurers pro-vide security of the highest has more freedom to cut his possible quality. rates, if necessary, to remain rates, if necessary, to remain competitive. Insurance and reinsurance rates force each other

down in a depressing spiral. Rather late in the day, reinsurers have begun trying to set part of their house in order. In the London market, reinsurance agreements are usually renewed on January 1. Last January, for the first time, there was a definite hardening of rates on proportional treaties, reinsurance arrangements where the reinsurer accepts a certain proportion of the insurer's risk, receives that proportion of the premiums and pays that proportion of the claims. Mercantile and General Reinsurance, the UK's longest established professional reinsurance company, cancelled over 900 treaties, most of them proportional,

It is from proportional treaties that reinsurers have been getting the roughest deal They have no control over pre-mium rates, which follow the original, suffer heavy reserves and pay unrealistic commis-

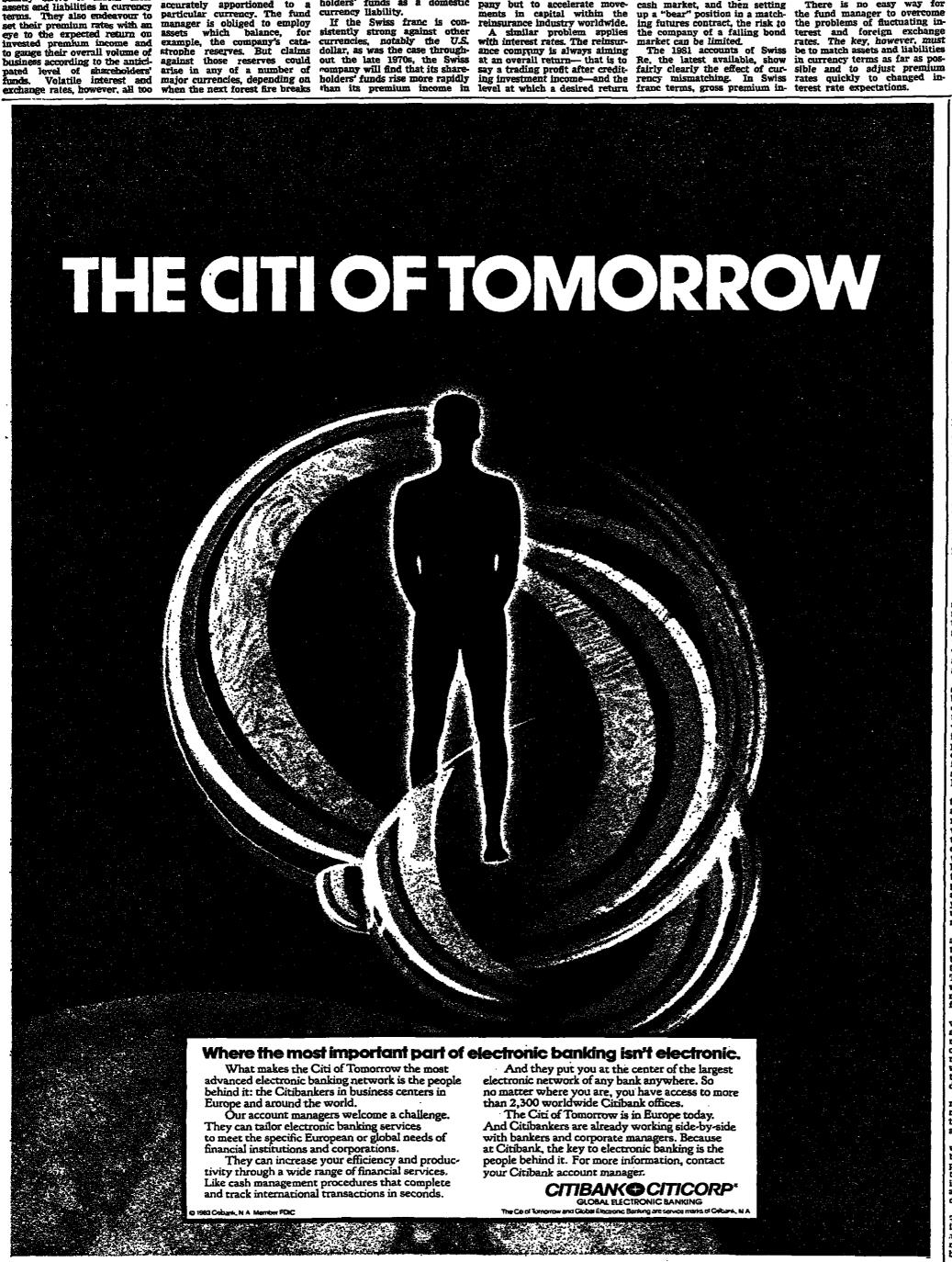
Buyers are still making hav. however, with non-proportional treaties, under the terms of which reinsurers agree to pay a percentage of each loss, in ex-cess of a fixed amount, up to a further limit. The attraction of con-proportional business for the reinsurer is that, although the premium is still inadequate, he stands a chance of making a

100 per cent profit. Last January, a prominent UK composite moved its first layer property excess of loss cover from the UK to the U.S. rein-surance market, where it was placed at a third of the cost. In 1982, the treaty had made a substantial loss, and already this year, heavy involvement by the company in Australian bushfire losses has led to even worse

Reinsurers' dilemma was summed up by Alan Preston, chair-man of the Reinsurance Offices Association in 1981, when he spoke of "the problem of establishing standards which would be acceptable to responsible underwriters, yet without affecting general freedom of operation."

Buyers have not so much used, as abused, the reinsurance community. Reinsurers have not so much met the challengs of buyers' needs are collegisted. of buyers' needs, as collapsed before it. To the outsider, the conduct of international rein-surance displays all the logic of a man stealing mor his own back pocket.

Greg Wood



The New York

authorised to accept reinsur-ance and direct business and is attempting to develop a name

for the unique risk. According to its annual report, business

a disappointing start with delayed authorisation hearings

and only four active syndicates in place when it opened last

exchange: among the top 15 U.S.

to be in place by the end of June.
In the event, Miami

operating at the middle of August with six syndicates and,

according to Mr Teale, "pro-cessed" premiums totalled

attracting the small to medium

sized companies and it is also

exchange needed at least 20 more syndicates for opening syndicates to make it really time, while last May he told a group of London journalists. The Chicago exchange is that 16 syndicates were expected

\$3.6m.

### Fledgling trio experiencing mixed fortunes

THREE NEW "Lloyd's style" insurance exchanges have opened their doors for business in the U.S. during the past

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In design they closely resemble the Lloyd's operation with individual syndicates within a central market competing mainly for reinsurance and non-standard or innovative risks, known as excess and surplus lines in the U.S.

They are intended to provide additional U.S. and world capacity and help reduce the flow of premiums out of the North American market. The three operations, based

in New York, Chicago and Miami, can offer substantial cost savings to corporate and individual investors and they are often marketed as an easy and cheap alternative to U.S. establishment.

One major reason for this is that the aggregate surplus of an exchange allows subscribers to participate in business that would not have been open to them on an individual basis. The New York exchange's 1982 annual report lists over 60 foreign investors from 35

countries. Unlike Lloyd's, which is backed to an unlimited extent by around 20,000 wealthy individuals, the U.S. exchanges are funded mainly by com-panies, although a syndicate representing a group of indi-viduals has recently started operating in Miami. Under-writing liability is strictly limited in America with various last resort security and guarantee funds providing the

ultimate security.
The most significant exchange currently operating is New York which is formed of 37 underwriting syndicates and N. American exchanges

York Insurance Exchange has substantial backing from the state's insurance establishment state's insurance establishment and premium growth has been dramatic with a 166 per cent increase last year to \$156.4m. The pace was maintained during the first quarter of this year with an \$2 per cent boost to \$57.8m.

written last year included non-appearance insurance for enter-tainers and hot air balloons. The Miami exchange, the Insurance Exchange of the Americas, led by British expatriate Alan Teale, has had Soft markets however have taken their toll and the average operating ratio last year came in at 114.1 per cent, over four in at 113.1 per cent, over lour points higher than the overall industry figure. One syndicate went as high as 280 per cent, while the largest finished with

New York is primarily a re-insurance market-place although it is now able to write excess and surplus business in the rest

of the country providing the individual states agree.

There are restrictions on the writing of New York direct business and it cannot be con-sidered unless it has been rejected by a panel of insurers in a "free trade zone." While the exchange can count itself among the top 15 U.S. reinsurance markets, it is perhaps not surprising that direct busi-ness, at \$1.3m in 1982, has yet to take off.

by the local insurance establishment although progress has been limited to date. Premium income during 1982 totalled \$2.5m but there are hopes to increase it this year to around \$8m. Eight syndicates are currently operating and 40 brokers are authorised to place

Chief executive James Skel-

### The shakeout begins

Captives

BERMUDA'S 1,200 or so insur-ance companies owned by large non-insurance parent groups are beginning to contract their operations after a long period

of growth. Recently Insco, Gulf Oil's ance centre has become caught highly respected Bermuda-based up in the sensations emerging "captive" insurance company, at Lloyd's The Lloyd's scandals decided to curb its business operations on the island by irregular transactions have cutting down on its acceptance washed through the Bermuda of non-related third party market to other offshore centres.

It is part of a trend. Walton usurance Company, the Insurance Company, the Bermuda-based insurance arm of Phillips Petroleum, has been hit by heavy losses amounting to a net \$60m. That group is also contracting its operations and has been forced to make a number of redundance Corpora-tinental Reinsurance Corpora-tion (Bermuda), part of Corporation, the Continental Corporation, the insurance group, has decided to

relocate its Bermuda operations to New York to improve efficiency and cut costs. Mentor insurance, a wholly owned sub-sidiary of the New Orleans-based oil exploration group Ocean Drilling and Exploration The exchange's marketing stance is primarily aimed at Company is to transfer a large part of its Bermuda-based underwriting business to sister companies in the U.S.

hoping to secure the participa-tion of a number of non-Alexander International, part of Alexander & Alexander Services, the world's second largest broker, is embarked on Howden Group.

subsidiary

Moreover, a captive insurance group has direct access to the cheaper than direct insurance. have involved allegations that parent company to utilise in-ternal cash resources more efficiently, enabling premiums to be invested and the invest-ment income applied to building Like the rest of the reinsur-ance community Bermuda's own ment income applied to building which these groups attrup reserves and containing was also equally variable, overall costs for the cover.

insurance community is suffer-ing the problems of rapid growth. The number of com-panies operating in Bermuda in the insurance arena has risen Premiums charged by the majority of direct insurers re-flect their need to cover "front office" and other overhead costs such as commission pay-ments to the broker. The lack more than tenfold since the late 60s and now exceeds 1,200. The attractions for industrial companies creating their own insurance subsidiary were varied. A main consideration of a need to sell insurance and to maintain large offices and staffs means that the overheads of a captive are substantially

Insurance companies some-In the 1970s the captive comtimes rate premiums without giving sufficient attention to an panies were given a push by the Internal Revenue Service in the analysis of the loss experience of the insured. Consequently, the premium payable is some-times higher than it would be if calculated actuarially. The U.S. which caused a large in-crease in the world's reinsur-ance capacity. The IRS ruled that parent company insurance premiums pald across to an inbad experiences of many insureds can reflect adversely house captive insurance com-pany would not be allowed for on the good experiences of the few when insurance groups tax purposes. Tax deductibility of premiums would be related come to rate assessment. Use of captives often assists in the placing of risks or a proportion of risk where market to the amount of business passed by the parent company to its subsidiary.

The move prompted many

difficult. A captive insurance to turn their captives into full-subsidiary can provide a fledged insurance subsidiaries measure of protection. accepting business from units Moreover, a captive insurance outside their parent companies. Their experiences proved variable. Bermuda was never offered was generally at the end

> veloped into a market of last While the more prudent com-panies hired their under-writers from the major

of the reinsurance chain. It de-

European reinsurance centres, others were not so selective. Underwriting losses soared, leading to the contraction and

shakeout which is happening in Bermuda now.

Bermuda is now trying to establish order in its market. The Government is insisting that all insurance companies seeking to operate in the market should go before the Insurance Admissions Com-mittee. In the past it has only been necessary for insurers who plan to underwrite product liability or professional liability insurers who have had to be screened by the admissions committee.

The minister of finance, Mr David Gibbons, is planning to hold regular meetings with industry representatives to ensure that problems are identified as soon as possible.

John Moore

### Growth on schedule but going is tough

THE Arab Insurance Group (ARIG) found it hard going during its first full year of operating in the international reinsurance business with bottom line profits during

investment portfolio.

Nevertheless, growth appears to be on schedule with an estimated gross premium income during the year of around \$90m. Delays in receiving statements of accounts have led to a booked figure of \$41.3m and a net total of \$39.4m following the

has acquired the capacity to quote and lead onshore oil, petrochemical and aviation risks. But it admits that last year's results reflected signifi-cant amounts of marine and aviation business and that management was in the process of developing other busi-ness "in order to achieve a

ness "in order to achieve a more balanced risk portfolio."
In common with many other reinsurers ARIG decided in the light of current market conditions that it was not pradent to show a technical profit during 1983. Reserves for losses incurred but not reported, known as IBNRs, were given a \$16.6m IBNRs, were given a \$16.6m boost which left total techni**Arab Insurance** Group

equivalent to 84 per cent of equivalent to 34 per cent of net premium income.

ARIG is the largest insurance group in the Arab world and is owned equally by the Governments of Kuwait, Libya and the United Arab Emirates, its authorised capital amounts to a massive \$3bn although to date only \$150m has been poid up.

has been paid up.
Registered as a Bahrain shareholding company it started reinsurance operations during the middle of 1981 with the aim of stemming the flow of premiums out of the Arab world. In the future it hopes to make a significant impact in the direct insurance markets

of the world. Last year it derived 32 per cent of its business from the Arab countries and this total climbed to 53 per cent when the rest of the Afro-Asian market was included. Euro-pean reinsurances contributed a further 15 per cent while the U.S. provided another 8.2 per cent. Reinsurance of a specified risk, known as faculative, represented about 40 per cent of the estimated

### **Domestic expansion** the driving force

national insurance business continues at the People's Insurance Company of China, the state controlled monopoly insurer, fuelled by an expanding and profitable domestic market.

Last year's overall profit rose 67 per cent to Yuan 117m. The major contributor was domestic business which was restarted in 1979 after a 21-year hiatus. International reinsurance business was said to have turned in a 1 per cent underwriting profit on a premium income of Yuan 261.8m.
The increase in insurance

activity has been part of the general expansion of international trade and commercial agreements arising from the country's recent adoption of more pragmatic and modernis-

ing economic policies. Increases in both domestic economic activity and inter-national trade have led to a demand for more sophisticated coverages and the PICC now offers many of the types of insurance commonly found in

Much of the demand for new classes of insurance has come from the offshore exploration industry and for imports and

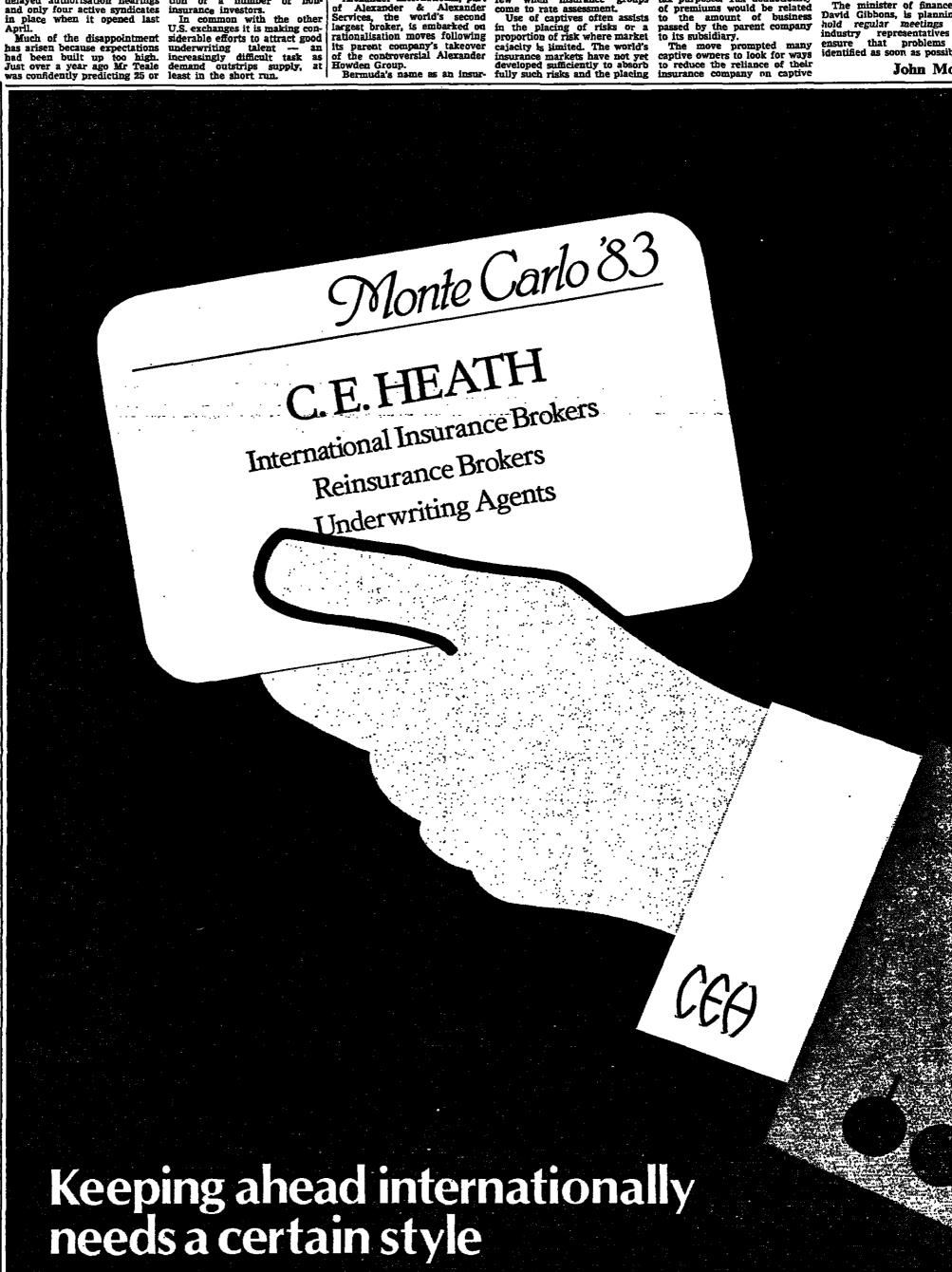
People's Insurance Company of China

sectors. Additional types of insurance introduced in the last few years includes machinery breakdown, shipbuilding, employers' and products liabi-

lity and political risk.

The PICC has developed reinsurance relationships with about 1,000 insurers and re-insurers in over 120 countries. Through these it is able to swop business and the reciprocal exchange enables it to maintain a more balanced portfolio.
On the international front
the PICC has entered into a

joint venture with the American International Group to form the Bermuda-based China-America Insurance Company. This specialises in writing North American direct business and international reinsurance. The PICC is also a member of the South Place syndicate on the



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in one of the developing coun-

regulations and working prac-tices of both the clients' and the

reinsurers' markets. Detailed knowledge of conditions in

clients' markets is increasingly important in the competition for

Insurers are dealing with risks of unprecedented size and complexity, and reinsurance programmes must be devised to cope adequately with those risks. Non-proportional re-

risks. Non-proportional re-insurance has seen enormous

growth in recent years, partly because it is more suited than

proportional reinsurance to the coverage of catastrophe or high

level risks. The broker must provide his client with layers

of excess of loss protection which is neither extraneous

nor inadequate, and which is

Some would argue that the

reinsurance broker's real role

ficant number of reinsurance transactions are, in fact, car-

THE REINSURANCE broker has not been popular recently. Some members of the reinsurance community see the intermediary as being responsible for bringing many of the marker's ills upon it, by delaying prime example in the London payment of premiums, forcing market is the firm of Pearson down rates and exploiting un- Webb Springbett. Over 95 per necessary capacity. Scandals incent of the company's business volving Lloyd's brokers have is reinsurance and 1982 brought into question the whole brokerage income was around brought into question the whole brokers conduct of international re- £5.5m. The reinsurance broker's pri-

Yet the broker enjoys an mary function is to find a mar-expanding share of the inter-national market. The London new insurance companies have market is still a prominent centre for the receipt of re-insurance, and one dominated by the brokers with their exclumated that around two-thirds of now derives from reinsurance

This premium income is con-trolled by brokers who can trolled by brokers who can broadly be divided into two categories — those who are subin one of the developing counsidiaries, or part of, the major international insurance brokers, and the specialist reinsurance

In some cases specialist brokers have been taken over wholesale by, or formed asso-ciations with, larger brokers. Winchester Bowring, formerly A. G. Winchester and Co, and now 40 per cent owned by Bowring, is a case in point.

#### Stronger hold

Stewart Wrightson is in the process of acquiring Arbuthnot Insurance Services, whose prin-cipal subsidiary is Golding Collins, a specialist reinsurance broker. By this move Stewart Wrightson will not only boost its annual reinsurance brokerage from around £3m to £8m, but will strengthen its position in the UK and European markets where Golding Collins is well established.

The most prominent inde-pendent specialist reinsurance broker in the London market is attractively priced. Greig Fester. The company handles no direct business and its brokerage income in 1981 totalled £7.8m. H. J. Symons is another firm which handles almost entirely reinsurance

break away from larger companies, taking clients with them, renewal season ever in London to set up on their own. A for proportional business, There has also been a tend-

brokers' services are likely to be even more in demand for the placing of basic treaties. One of the most important services a broker gives to his client is the ability to place difficult business. The personal nature of broking, and the rapport which is built up between broker and underwriter, enables the broker to place business which the client could not. The same principle of personal contact also applies to the settling of claims.

#### Undue pressure

new insurance companies have proinferated throughout the world Initially, these companies rely disproportionately on rein-Brokers do sometimes put undue pressure on underwriters in the placing of risks and the settlement of claims. It is easy to see how this can happen tries in particular, the value of where a few brokers control a a broker who can introduce a client to the established reindisproportionately large share of the market or an underwriter surance markets is immeasurrelies unduly on a particular broker for his business. roker for Although the ultimate sanction lies with underwriters, brokers must take a good deal of the blame for the rate slashing which has gone on in the reinsurance market. tries and an underwriter in Lime Street can well be imagined. In these cases, the conduct of international reinsurance is totally impossible without brokers. The broker must be aware of the conditions,

Reinsurance brokers have not been slow to utilise new tech-nology. No matter how good a broker may be at placing risks, accounts will not be retained if they are serviced inefficiently. Office automation, in allowing the quick and efficient production of placing documents, cover notes, wordings and accounts, becomes one of the broker's competitive weapons. In the long term, new tech-nology also reduces the broker's expense ratio, an enormously important factor when rates, and therefore levels of brokerage, are low.

are not enforced and need a radical overhaul. The fault for late payment can also lie with the client, and many brokers today is to take care of the hig risks and place catastrophe covers, but not to arrange basic proportional treaties. A signiare increasing their bad debt provisions. On the other side of the coin, brokers are some-times expected to fund the pay-ment of claims to their clients

a service which chems wit in-creasingly come to demand. Re-insurance overcapacity has meant the growth of iringe markets sometimes of a very

dublous nature.

Many people in reinsurance espouse a sort of "big bang" theory, whereby a huge natural disaster will sort out the men from the cowboys. Although this doesn't show much sign of hap-pening, last year and this a number of reinsurance opera-Two overseas reinsurers have

disappeared from the London market so far this year. Insti-tuto de Resseguros do Brasil closed its London branch after a run of disastrous losses, which volvement in reinsprance of the notorious Sasse syndicate.
The Reinsurance Company of

Mauritius has gone into liquida-tion following capitalisation problems. Some 75 per cent of the company's business was written through its London contact office. More reinsurers will go into

liquidation over the next few years and clients are understandably nervous about the possible implications. Brokers are in a much better position than clients to assess reinsurers' security.

A company's balance sheet does not provide enough infor-mation with which to judge accurately that company's security. The broker's close contact with a reinsurer, and his day to day assessment of the company's underwriting philo-sophy and credibility, allows him to make a much more in-formed judgment.

surance broker offers should levels of brokerage, are low.

Brokers' handling of reinsurance premiums often leaves much to be desired. They are frequently accused by reinsurers of earning excessive investment income on other people's money. But again, the prokers are alleged to surface to the prokers are alleged to surface broker offers should include underwriting is a very contentious point. The removal of millions of pounds worth of assets from Alexander Howden and Minet was facilitated by reinsurance transactions with companies in which executives of the brokers are alleged to of the brokers are alleged to ultimate sanction lies with have had interests. Marsh & underwriters. Terms of credit McLennan, the U.S. parent of Bowring, has sold off Bowring's underwriting subsidiarles, English & American and Crusa-der, after declaring that the company's primary function was to be a broker, not an under-writer. Given Lloyd's require-ments for brokers to divest underwriting interests,

### UK representation for foreigners

WHAT IS sometimes mis-understood outside the UK is the extent to which the London Underwriting gency and contact office market is or is not subject to regulation agencies in the UK.

Any person or company can incorporate a UK company for less than £100, and operate as a UK registered company, includ-ing as an agency or contact office within the London market.

Whether or not such agency or whether or not such agency or contact office holds the pen of a foreign or UK insurer, the provisions of the UK Insurance Acts do not apply to the agency, but will apply to the insurance company in cases where the agent is authorised to accept business on behalf of an insurer. business on behalf of an insurer. This effectively means that there is no supervisory, regulatory or legal constraint or control upon non-Lloyd's London agency/contact market companies. Their only obligation is to pay an annual fee of £20 per annum for registration and filing of shareholder returns under the of shareholder returns under the UK Companies Acts. Even if they are several years in arrears in filing the returns, the penalty is minimal if ever applied at all. This uncontrolled simplicity in setting up and operating agency offices/contact offices within the

London market has contributed towards the growth of the sector and to the type of person some-times associated with the fringe of the market and no doubt to the problems of foreign com-panies in reconciling their per-ception of stability associated with modernood in the IW " and with "registered in the UK" and their day to day experience with some agencies and contact offices in London.

However, with the growing mmber of international problems and reported frauds in which a handful of London market intermediaries have reputedly been involved, the inter-national insurance community is now looking more seriously at status and nature of its don representation.

There has been a discernible move in two directions by foreign insurers seeking Lon-don representation: one being to seek representation through the larger more reputable agencies and brokers: the other, because of branch filing re-quirements, to move towards the formation of UK subsidiary

The operations of foreign companies in the UK, and their relationship to agencies, may be distinguished by the different forms of possible UK representation: (a) A branch office in the London market accepting busi-

ness in the UK. (b) Representation in the Lon-don market through an underwriting agent with underwriting authority. (c) A UK subsidiary company

independent of, but owned by, the foreign insurance company, which company may use full time staff or an underwriting

(e) Other forms of representa-

tion, including contact office, agency, broker, etc., where the insurance contract is not legally accepted within the UK.

Only in the cases of a, b and c is UK authorisation of the foreign insurer necessarily required from the Department of Trade. Such authorisation involves a serious application procedure, and the filing of annual returns under the Insurance Acts. In the case of a and b, it is likely to involve the filing, by non-EEC companies, of world-wide business returns in

This latter filing requirement has constrained many foreign insurers to move away from branch representation towards the formation of UK insurance subsidiaries, which are required to file only in respect of their

UK activities. Such subsidiaries may or may not then use the skills of the London agency market to carry out underwriting functions.

Foreign links Those foreign insurers which continue to operate, however tennously, through contact office telex machines, tele-phone calls, etc., are not subject to the Department of Trade regulations, provided the insurance contracts introduced through the London market agent are not legally accepted within the UK. This therefore

allows, without the involvement of the UK supervisory authorities, acceptance outside the UK by telex or telephone, of contracts introduced through brokers, contact offices and agencies in the London market.
These remote links in the introduced a possible anomaly (of which the Department of Trade and the fringe agents are fully aware, even if foreign insurers/reinsurers and intermediaries are not): business may be obtained by a foreign may be obtained by a foreign insurer/reinsurer through a London market agency which may arrange for technical may arrange for technical acceptance of the business ourside the UK jurisdiction, possibly through its own associated tax haven company, although in practical terms the market may be aware that the

market may be aware that the agency or contact office or representative in the UK is in fact accepting the business. Where underwriting takes place within the UK in those circumstances then the Department of Trade is an interested party and it could theoretically take legal action. It is not the agent, but the agent's principal (i.e. the insurer/reinsurer) who is subject to the legislation.

Where London agents are the London market, has suffered used in an underwriting rather not only from frauds and behalf of, insurers and re-insurers, depends upon the status of the company con-

Once it is established that the company or branch should be business prudence: choosing authorised, then the type of reputable agents and insisting return filed depends upon upon formal agreements requirwhether such a company is a ing r UK branch of a company with data. a head office within, or external to, the EEC. Non-EEC foreign companies operating in the UK through an agency, with authority to underwrite, will be required to disclose and file returns in sterling in respect of both their global business and

their UK branch business. This of course has influenced the type of structure which foreign companies are now using to set up their UK representation.

Although the reputation of the London market, or more The author is chief executive of specifically, the reputation of Financial Intelligence and individuals within the fringe of Research.

than contact office capacity then scandals, but also from spin-off returns are required to be filed. effects from the Lloyd's troubles. The type of Insurance Act of the past 18 months, and from returns to be filed by, or on the statements emanating from competing markets foreign the insurance and reinsura panies are obtaining profitable London representation by following the simple rules of

> ing regular reporting of audited New foreign entrants to the market should be advised to use the reputable broking houses or established agencies, either in an under-writing or contact capacity, depending upon circumstances

and requirements.

If reliance on reputation is not sufficient, then corporate and financial details of all London market intermediaries are available from independent analysts in London.

Peter Anderson

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Ratio of

(Sec 1)

Balancing results by spreading risks geographically is becoming increasingly difficult, says Peter Stokes

1982 RESULTS OF 50 LEADING U.S. REINSURANCE GROUPS

### Uniform trend emerges

THOSE WRO believed in a regular cycle in the world insurance and reinsurance markets have long since been dis-illusioned by the duration and extent of the present phase of soft premium rates. Depressed economic conditions around the world, coupled with the cash-flow attractions of high interest rates, have perpetuated the im-balance between capacity and demand way beyond the period that has been normal in the

heavy catastrophe claims in 1979-81 did little to dent market overcapacity, and even now when there is clear evidence that the size of underwriting losses throughout the industry can no longer be accepted —
the buoyancy of the world's
major stock markets has taken
the pressure off insurance company balance sheets and there-by delayed still further the withdrawal of surplus capacity.

Nevertheless, evidence is now at last appearing in most of the world's insurance markets that the corner has been turned. Marginal capacity is coming under increasing pressure, treaty reinsurance terms are being tightened quite significantly and rates for direct and facultative business are

producing any marked im-provement in the results being surance companies, but there is growing confidence that 1984 and 1985 will see the long-awaited return to sound underwriting results for leading

One of the most significant trends in the international insurance and reinsurance markets in recent years has been the growing uniformity of conditions throughout the principal territories making it virtually impossible for the leading com-panies to offset bad results in one market with good results from another.

Mr Horst Jannott, chairman of the board of management of the Munich Re, has described the phenomenon in this way.

#### Simultaneous

"The individual industrial nations have become so interwoven in many areas that their most important economic indimost important economic indiareas of greatest instability in cators exhibit a largely similar the reinsurance market. Extrend and their macroeconomic posure to loss is high for development moves largely in climatic reasons alone, but also parallel. This considerably imbecause of social and political pairs the regional balancing of conditions. Recent years have creasingly gives weight to the in the Caribbean, and the risk of change, which is now domestic insurance and remaking itself felt no longer more and more often in a large

simultaneously."
By the term "risk of change," Mr Jannott means such factors as the consequences of the general increase in wages and prices for losses and claims costs, technological develop-ments, the incidence of crime and the level of legal awards in the employers' and product

liability areas. These factors, rather than the occurrence of a series of occurrence of a series of natural catastrophes or disastrous losses, have produced the most serious problems for the industry in the recent past. In the U.S., the past year has seen underwriting losses reach extraordinary levels which have at last prompted some fundamental changes in attitude on the part of both direct insurers and reinsurers.

on the part of both direct insurers and reinsurers.
Collectively, the U.S.'s primary insurers last year recorded a combined ratio of nearly 110 per cent, and the reinsurance sector had its worst ever year with a combined ratio of about 115 per cent, implying no better than a breakeven result at the bottom line.
With U.S. interest rates seeming set to continue their downward trend earlier this year, and a number of major insurers running into losses even after crediting investment income, it

chasing premium growth most aggressively were suddenly pulling back sharply.

"SECURITY HAS NO NATIONALITY"



**Regional review** 

Insurers with a heavy weighting in personal lines were best placed, since it proved possible to impose premium rate increases in these lines of around 15-20 per cent in 1982 and a further 10 per cent this year. In commercial lines conditions have remained more difficult, but there have been A number of exceptionally signs of greater selectivity and eavy catastrophe claims in an increased awareness of the need to establish a prudent level of technical reserves.

Primary insurers have been Primary insurers have been increasing their net retentions, thereby reducing the overall volume of reinsurance premiums in the market, but reinsurance capacity—swollen by the developing New York Insurance Exchange and the inroads of foreign reinsurers has yet to contract to any measurable extent. There have by fears of exposure to further heavy losses.

Canada is often lumped in with the U.S. in reviews of the insurance markets, but it is very different in kind. For one thing, the Canadian market is dominated by companies which are subsidiaries of large groups based outside Canada. This tends to undermine selfdiscipline at times of intense competition.

In addition, the market is characterised by a strong intermediary presence in the personal as well as the commercial lines. This also has the effect of eroding the premium

Underwriting. Canada reached their peak last year, and the leading companies were finally obliged to cut back their premium writings sharply and impose further stiff rate

So far this year the benefits have been seen in much reduced underwriting losses, but the commercial lines are still producing serious problems and few participants in the Canadian market would expect the tightening of conditions to remain effective for much more than a year.

more than a year, South America is one of the n heavy catastrophe dam: insurance capacity in that area looking vulnerable.

In many cases, companies continue to function solely because of the extended credit terms they have been receiving under treaty arrangements. With these now being tightened up, their future is looking dim. The Caribbean is indeed one of the areas of marginal capacity where contraction could be most noticeable over the next year or so.

#### the next year or so. Difficult

In South America proper, the national insurance and reinsur-ance companies were encouraged to take on foreign business for foreign exchange reasons, but when cash flow on this business turned negative, it became imperative for some o these companies — notably Brazil's IRB — to withdraw

from from the London market, Europe is in some ways the most persistently difficult mar-ket of all. Most of the in-dividual national markets are highly regulated, making it difficult for insurers and reinsurers to respond quickly to claims experience even if com-petitive conditions permit. Motor business has been par ticularly troublesome in mos countries, and quota share motor reinsurance treaties have

represented a substantial part of the European business of such leading companies as the Munich Re and Swiss Re.

During 1981 many chronically loss-producing quota
share treaties were cancelled. and motor rates subsequently started to firm in many parts

of Europe.
Fire remained highly com Fire remained highly competitive, however, and the heavylosses experienced in most
countries, but particularly in
Germany, have led to the
beginning of a tighter underwriting policy.

In the UE, which no longer
enjoys its former dominance as
the centre of the world rain-

the centre of the world rein-surance market but is still of key importance within that mar-ket, the signs of hardening conditions have been most un-mistakeable.

Much publicity was given late last year to the sudden im-position of tighter conditions by London market reinsurers for renewal of proportional treaties, which caused a significant dislocation of the renewal time-

It was not a question of premium rates, but of terms and conditions relating to credit periods, remittances and general accounting practices. The establishment of the

Policy Signing Accounts Centre the impact of the bush fire has been of considerable im- losses in February, portance in this connection. The order in the result was that a significant the established insurers and reamount of proportional treaty business was not renewed at the turn of the year.

insurers as a growth market, but in the most developed single market in this area — Japan —

#### Support

Since a major function of treaty reinsurance is to enable insurers to write business which their capital is not adequate to support, this clearly has crucial

support, this clearly has crucial however, in the secondary terrimplications for a general contraction of marginal insurance capacity.

UK personal lines business has in any case been producing better results than can be achieved almost anywhere else in the world, and the extremely developed along with fall have developed along with fall the contract capacities. in the world, and the extremely damaging competition in the commercial classes — sharcommercial classes — shar-pened by the inroads of foreign insurers and reinsurers - now seems to be easing somewhat.

Australia produced losses been efforts by the U.S. reinsurers to increase their penetration of overseas markets, but these have been constrained market by the Barrell decision prompted some very sharp rate increases and a number of withdrawals from the market.

Even so, the contraction in the number of primary under writers in the market has not been as great as anticipated, and rate competition in the property classes remains intense.

As with Canada, recent improvements in underwriting giving cause for concern, as is
results are not regarded as the general economic picture
likely to be sustained, partiand high level of interest rates

Want Australia. Insurers and rein-much greater self-discipl surers have also had to absorb than Canada and Australia.

the build-up of capacity at a time of sluggish economic growth has produced problems comparable to those elsewhere in the world.

in the world.

Demand for insurance and reinsurance is still growing, however, in the secondary terri-

and the extremely of the economic pressures which have developed along with falling or stagnant oil revenues. In addition, the Arab world has mere reinsurers — now sought to develop its own sing somewhat.

produced losses I leading to the content of the position in the reinsurance market as a counterweight to National Tuesday.

Lloyd's. Inevitably, however, experience has been adverse, and the rate of expansion of and the rate of expansion of Arab reinsurance capacity has so far lagged considerably behind that which was initially Philapma

Finally, South Africa has regained some semblance of its normal stability after the heavy Repu losses of 1981, which were San partly due to excessive com-petition in the motor market Seem pention in the motor market Secu and partly to a bunching of Skan large losses.

cularly in view of the current in South Africa at present, but serious economic problems in this is at least a market with

mpan <del>y</del>	Policyholders' surplus (reinsurers only)		Net reinsurance premiums earned	Losses and loss adjustment expenses incurred	Ratio of losses to net reinsurance premiums earned	Under- writing expenses	underwriting expenses to net reinsurance premiums written	Combined 1982	1981
	(\$*000)	(\$'000)	(\$'000')	(\$*000)	(%)	<b>(\$'0</b> 00)	(%)	(%)	(%)
endale Mutual		22,869	22,779	20,372	89.4	6,098	26.7	116.1	94.2
erican Agr. insce. Co.	56,130	70,077	66,380	55,724	83.9	12,233	17.5	101.4	97.2
erican Independnt, Re	26,989	60,064	55,399	44,813	80-9	19,176	31.9	112.8	102.9
erican Re	293,807	368,684	<b>354,418</b>	273,892	77.3	134,686	36.5 32.6	113.8 110.3	11 <del>4.2</del> 105.9
erican Union	33,790	43,559	42,163	32,773	77.7	14,214			
lefoute Re Insce falo Re	46,269	41,547	46,804	39,384	96.5	12,007	28. <del>9</del> 30.1	125.4 104.7	130.8
falo Re istiania/SwitzrInd. Gp.	86,161 21,841	62,929 42,683	62,973 41,375	46,931 32,771	74.6 79.2	18,932 15,668	36.7	115.9	104.6 106.3
nmercial Union Re	39,724	31,031	32,121	30,273	94.2	9,562	30.8	125.0	105.8
stellation Re	35,952	73,058	71,776	51.664	72.0	26,630		108.5	109.5
stitution Re	50.214	130,155	124,172	103.625	83.5	43.891	33.7	117.2	108.8
stituta. State Mgt. Co.		57.897	61,646	53.992	87.6	17,854	30.8	118.4	106.0
itntl. Cas./Reins. Dept.		55,142	64,318	46,642	72.5	17,094	31.0	103.5	101.2
horn Insee. Co	24,435	23,277	22,006	19,900	90.4	7,242		121.5	11L9
ployers Re	358,377	466,353	<del>4</del> 68,065	378,055	80.8	121,668	26.1	106.9	104.2
mers Mut'l Hail, Iowa		21,386	20,623	17,289	83.8	6,417	30.0	113.8	98.3
mont Re/Fremt. Ind.	43,583	68,791	70,933	59,722	84.1	19,780	28.8	112.9	114.6
al. of Trieste & Venice	15,544	27,085	24,972	18,958	75.9	8,840	32.6	108.5	105.7
eral Re Group	742,518 35,004	880,499 48,209	822,476 48,102	593,063 35,312	72 <u>.1</u> 73.4	246,398 18,641	29.7 38.7	10L8 112.1	99.1 108.7
ling Global	20,012	•	,			-			
mell Mutual		27,823	27,800	22,761	81.9 91.2	4,237 8,562	15.2 7.5	97.1 98.7	105.3 99.3
nseco Insce. Co fulands Insce. Co		113,775 22,328	98,902 22,198	90,229 19,390	87.4	5,728	25.7	113.1	111.6
ne Insce. Co./Home Re		78.887	77.07 <b>2</b>	59.589	77.3	23,172	29.4	106.7	92.7
A Re	155,721	293,959	282,130	207,962	73.7	105.043	35.7	109.4	103.5
nper Re	108,778	133,378	135,905	110.843	8L6	23,809	25,3	106.9	105.6
cantile and General	27,137	20,960	19,391	14,481	74.7	7.361	35.1	109.8	109.
ropolitan Re	50,336	47,558	44,496	39,260	88.2	16,534		123.0	107.7
nich Re Group	112,974	208,160	207,115	160,517	77.5	71,323	34.3	111.8	102.5
ional Re	72,380	72,686	88,075	91,611	104.0	16,106	22.2	126.2	109.9
ionwide Mutual Insee.		41.580	47,875	37,910	79.2	10,528	25.3	104.5	106.0
w England Re	37,117	60,409	51,401	43,247	84.1	13,406	22.2	106.3	105.0
w York Ins. Exchange	158,970	106,032	85,455	66,923	78-3	37,922	35.8	114.1	110.6
th American/Swiss Re	276,628	511,411	516,597	438,142	84.8	127,791	25.0	109.8	105.6
eastn. of Htfd./1st Re	<del>42</del> ,112	59,164	60,824	51,680	85.0	18,958		117.1	107.7
ladelphia Re	23,342	36,881	40,62 <del>4</del>	35,597	87.6	11,865	32.2	119.8	116.4
A Re/Pa. Manuf	15,207	23,230	22,748	17,553	77.2	7,548	32.5 25.4	109.7 100.5	102.1
dential Re Group	194,811	426,673	434,746	326,366 46 305	75.1 84.0	108,304 19,985	25.4 36.2	120.2	101.9
nsurance Corpn. of NY	36,447	55,179	55,161	46,305	<del>_</del>	• -	_		
ublic Wstn. Insce. Co.	33,691	21,763	32,668	27,429	84.0	3,166	14.5	98.5 117.4	93.6
Francisco Re	25,455	25,208 28,660	18,248 27 954	15,661 20 500	82.5 76.5	8,791 14,485	34.9 37.2	117.4	110.2
OR Re urity Insurance Group	23,579	38,969 22,673	37,354 21,463	28,588 17,347	80.8	7,162	31.6	112.4	105.4
ndia America Group	110,426	183,410	174,579	135,991	77.9	60,886	33.2	111.1	104
	•	132,422	130,639	108,744	83.2	38.148	28.8	112.0	103.5
nsatiantie Re	127,939	76.874	75,920	54.394	71.6	20,043	26.1	97.7	86.3
f and G Group ty Group	29,393	40.514	39,093	27,823	71.2	14,948	36.9	168.1	106.9
versal Re	62.734	70.615	77 474	79.866	103.1	18.022	25.5	128.6	120.6

Your big risk in 1983: other people's credit failures. Credit failure has the classic domino effect. You may not be able to see the first domino fall, but the last one could knock you flat. What can be your misfortune need not be your fault.

Insure your credit with Trade Indemnity, and you can have a large, instantly liquid Bad Debt Reserve at known, tax-allowable cost; a second opinion, with millions of

money behind it, on every credit risk; smoother cash-flow; easier access to new finance. Trade Indemnity take the big risk.

### Trade Indemnity Credit Insurance

TAKES THE RISK OUT OF CREDIT.

#### What happens if your best customer's customer's customer goes broke?

Source: Reinsurance Association of America

It is doubtful if you would even know. The impact is not on you, directly. It is on your customer's customer. How strong is his credit management, to

The danger is only two stages away.

#### What happens if your best customer's customer goes broke?

You could know about this quite quickly. When your best customer gets short of cash-this begins to cost you money.

Suppose he normally has, say, £60,000 outstanding. As things are today, this could easily creep up to £100,000 - so you have an extra £40,000 a year to

What would your bank charge for this?

## What happens if your best customer goes broke?

He might easily take you with him. The failure that cripples a company is more than

a shock. Almost always, it is a surprise as well. This is why you didn't provide for it. Don't be in any doubt - time and time again, this

is exactly what happens. Credit insurance stops it.

# What happens

It is the longest, emptiest day of your life. At first, you can't believe it. Then, little by little, you have to.

One of the things hindsight will show you is the size of the risks you ran. For instance, your Debtor Asset-the money other

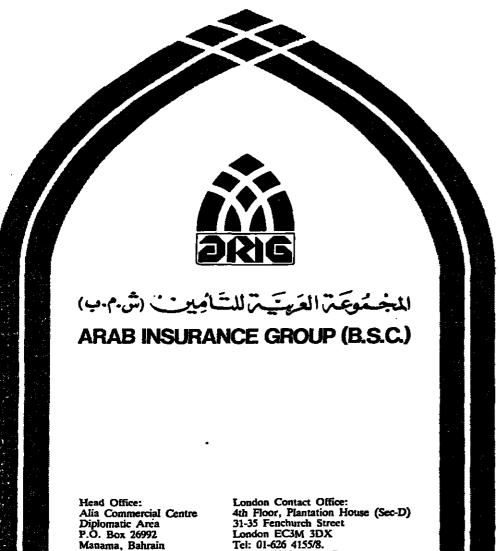
people owe you - is likely to be 40%, forty percent, of all your company's current assets. Compare this with physical assets - raw materials,

say, or finished goods. These are in your possession, under your control.

But which do you insure? And which is it safe to leave...uncovered? Today?

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Vetting the security of reinsurers is assuming greater importance

### Central data plan revived

WHEN, AS now, competition for business is at its most intense in both direct insurance and reinsurance markets, all the players in the game feel the need for reliable means of sup-plementing in-house resources for assessing the security un-derlying transactions in which they may be involved.

Vetting the security of an un-familiar underwriter or reinsurer has traditionally been considered the province and re-sponsibility of larger brokers and their security committees and departments. Today the interested parties are throughout the insurance/reinsurance system, ranging from the original insured's buyer or risk manager, through primary in-surers, intermediaries, main reinsurers, all sorts of agency/ pool and offshore managements to the remotest retrocessionaire.

In a suspicious world and troubled markets — which still contrive to work well for 95 per cent of worldwide transactions — all these same players can reckon being themselves the subject of sourchy analysis and subject of security analysis and scrutiny from other parts of the chain. Security assessment, once thought of as largely an upstream activity, must now address downstream partici-

The 1970s and early 1980s in particular produced many events and developments affecting the reinsurer security question: the headlong formation of capacity, offshore and on, "innocent" and otherwise; the insolvency of the large U.S. intermediary Pritchard and Baird; the failure of a number of large-scale pool arrange-

Security assessment

ments; and, most recently, irre-gularities and difficulties sur-rounding the outward reinsurance of a number of Lloyd's syndicates whose managements were controlled by leading brokers.

These events and the increase ing complexity of the inter-national reinsurance system led, among other things, to a new interest among responsible insurance professionals in in-creasing the reliability and standardisation of company status and performance services, whether in-market or

Specific

The idea of a worldwide reinsurance security centre, or at any rate one revolving round the London international market, was put forward six or

seven years ago. At a Reinsurance Offices Asso-ciation international seminar in only on the grounds of cost and lack of expertise but also because the ideal system would have needed to include specific details of reinsurers' outward reinsurance protections in the security tests, and because of the danger of prompting widespread litigation for business

defamation.

Many in-market proposals for centralised company status monitoring have had in mind the insurance industry's need to build self-imposed standards of conduct to fend off government intervention and restrictive legislation.

The ROA itself is trying to build up a code of conduct and standards which will stand some chance of acceptance and imple-mentation. But not before markets in several territories (including Lloyd's underwriters) have had to agree to a level of disclosure on outward reinsur-ances that would have been unthinkable a few years ago.

The central, market-sponsored security database idea, however,

told us, on an evident increase initially London-market orientate willingness of brokers, under present market conditions, to exchange all but the Conning and Fox Pitt Kelton Up-to-date (and up-datable) tions, to exchange all but the most competitive and sensitive security information about the reinsurers and downstream ceding underwriters with which

they do business.

This month, A. V. Alexander, chairman of the British Insurance Brokers' Association, confirmed that BIBA was propos-ing a central bureau for the analysis of financial information from insurance and reinsurance companies on behalf of any memoer-proker wno wishes to use the facility. BIBA is now examining how this service might be implemented.

In general, however, attempts to establish market-acceptable scientific security analysis services have been driven by outsiders — insurance publishers, stock market firms, corporate analysts, accountants, and

lawyers.

Most but not all have used as their starting point the oldestablished systems of the famous A. M. Best company in New Jersey which, however, has traditionally done a rather different job on fully admitted insurers in the North American

market only.

Reinsurance business nowadays finds its way to little known underwriters countries not thought of prominent insurance markets. But most of the "new" security analyst firms have found that international incompatibility of reporting and accounting practices means that they at least start out concentrating on their home territory or on a re-stricted range of markets.

The names are by now mostly familiar. Probably first in the field in extending U.S.-style analysis systems to more international coverage was the firm of professional banking analysts Conning & Co; and Interna-tional Insurance Financial Service, also of the U.S., launched by Michael Myron and his partner, Robert Daum, a lead-ing insurance consultant who, among other things, has been an annual publication of Inter involved in the development of the Florida Insurance Exchange.

Conning became known in the a case of "buyer beware," not Conning became known in the London market when, several

Mr Baker refers to the major

growth area in direct life busi-

ness in the UK being the launch

premium reinsurance arising

It is already proving to be big business with a growing number of contracts being taken out for very high amounts of

Hambro Life Assurance, the

largest linked life company in the UK, has been to the fore-

front in the development of these new plans and recently launched the first second-generation product, called the

adaptable whole life plan.
But besides the innovations shown in the design, Hambro Life caused a few ripples in life reinsurance circles by negotiations.

ing very competitive reinsur

This involved Hambro Life

putting out the reinsurance treaty to tender—a rare practice

in the UK. The other surprise was that Kolnische Ruck, known

as Cologne Re - secured the

Up to now, Cologne Re's in-volvement in the UK life re-

insurance market arose mainly through its association with

Victory. But Cologne Re is now

endeavouring to expand its London life reinsurance pre-

It has made a successful start

through the Rambro Life contract, though certain others in the reinsurance market hinted

that the premiums quoted could not be justified and that Cologne Re was buying itself into the London life reinsurance

Both Hambro Life and Cologne Re insist that the pre-miums are based on correct

business principles and the lower charges reflect the con-siderable amount of administra-

tion being done by Hambro Life itself on the reinsurance aspects. Cologne Re at present

does not have a life department in London and all life opera-tions are controlled from

This example highlights the changes taking place in UK life

reinsurance practice. Firstly, the direct life companies are using their marketing muscle to secure the best reinsurance

Cologne.

market — a practice common for non-life busi

Successful

treaty.

from the plans.

nave since parted company.
Fox Pitt is now developing its own computer-based cumulative hard-copy service providing data sheets for more than 500 companies in nine territories, including the UK (240) and Bermuda (60). Conning, meanwhile, has re-started in Europe with Axco-Conning Ltd., under Alex Cockburn, a former Bermuda operator. This, however, is more of a market territory intelligence service, but with have since parted company, outside Fox Pitt is now developing its systems intelligence service, but with leading companies in each

country analysed.

Axco has so far brought out only a few country surveys, but plans to increase this to about 50 by the end of 1983 and to

100 next year.
Purely London company-based so far, but with international plans in the pipeline, is the experienced firm of corporate analysts, Financial Intelligence and Research of London. Over the past two years, FIR has been adding in-depth analyses of insurance and reinsurance entities to its existing work on banks, other deposit-takers and commodity brokers.

Insight

A feature of the FIR services is the firm's insistence on re-liance on original regulatory returns (for UK insurers, both Companies Acts and Insurance Acts returns) and on deriving ratios and rankings strictly from these. It has applied this principle to updatable reports on Lloyd's underwriting agencies and Lloyd's brokers' operating companies and subsidiaries, and to the latest edition of its London Market Reinsurers (150 companies) now being issued through FT Insurance Information Group.

Elsewhere, a different insight into the status and performance of Lloyd's and general broker/ underwriter groups, though mainly at holding company level. can be obtained from

because the available "outside" whough this time on a less than years ago, it went into partnerordwide scale.

It is based, several brokers Pitt Kelton, to produce the producers may not even claim

Up-to-date (and up-datable) itside technical analysis

questions which may not be answered in the company's printed annual report (if there is one) but only in the timeconsuming regulatory returns: make-up of assets admitted for make-up of assets auditted for solvency; breakdown of business written, by class and length of "mil"; reserves position, not-ably IBNR; and (nowadays, increasingly) proportion of busi-ness retained for own account versus the types and rolumes of outward reinsurance protection purchased.

Additionally, official and semi-official bodies in a number of territories publish what amount to statutory returns, company by company, obviating the need for overseas agents to

search those returns.

At the end of the day, however, security assessment falls into two main parts: quantita-tive analysis, which the commercial security services and others handle; and qualitative intelli-gence, which they don't.

Most bought in services can provide the primary tool for deciding whether your reinsurer will pay up, and may give you an early warning of any de velopments to the contrary that can be expressed in numbers and ratios. But they won't tell you whether he is willing to pay or intends to settle under given circumstances. And statistical data cannot say whether he is a true professional in any par-ticular marketplace or class of insurance, is committed to continuity of business, or has been accepted as reliable by others

The author is manager of the FT Insurance Information

### DTI intervention hitting hard

UK are also facing what appears to be a growing number of Life assurance life and other long-term insur-ance business. These problems arise not only from the changing business climate in which they operate, a climate that gets ever more competitive, but also from the expanding role being undertaken by the central authority in the control of insurance business in the UK

The 1982 Insurance Companies Act introduced sweeping changes into UK life assurance of the future. The UK repractice. As from March 15, insurers benefit from the risk 1984, insurance companies will have to hold a specific solvency margin for their long term business and the formula is set out in the regulations. This contrasts with the current practice wherehy the setting is relating whereby the actuary in valuing

long-term business implicitly allows for solvency by the margins in his valuation bases. The Act implemented the EEC life directive and related solely to direct life assurance. solely to direct life assurance business. This in itself caused considerable misgivings among certain UR life companies and some actuaries had considerable misgivings over this change which moved the control of life business towards a continental

style.
But the Department of Trade and Industry, which is respon-sible for insurance business in sible for insurance business in the UK, makes no distinction in its legislation between direct business and reinsurance whereas, in other EEC coun-tries, there is separate control. The result was that the solvency provisions apply equally to re-insurance business as they do to direct long term business.

The reinsurance companies

operating in the UK were able to secure amendments to the solvency margin formula which impose less of a burden on them.

But the position is still far from satisfactory for UK reinsurers. The feeling is expressed by Mr C. J. Baker in his chairman's statement accompanying the 1982 report and accounts of Victory Insurance Holdings.

Holdings. He said that UK reinsurers faced the unfavourable impact of minimum solvency require-ments deriving from the EEC life directive, which would place a heavy burden on companies concentrating on risk business—the business which predomi-nates in a life reinsurer's

Mr Baker said that in other EEC countries life reinsurers do not have to meet these require-The reinsurers are continuing

their discussions with the DTI, but there are no signs that fur-ther concessions have been obtained and time is getting Secondly, the direct insurers are taking an active part in scrutinising the basis on which

short.

Indeed, the effects of this competitive disadvantage are already being keenly felt by UK reinsurers as the life reinsurance market follows its non-life terms and premiums are made

with their own administration and expect this to be reflected counterpart in becoming "soft" through overcapacity.

in the premiums. and reinsurance business is not just one way traffic. For many years, the life reinsurers have been more and more involved in the operations of direct life of the new generation of flexible unit-linked whole life products. These plans which combine pro-tection with savings could well companies in a variety of

comprehensive underwriting the underwriting manuals which the smaller recently established life companies must find extremely

Thirdly, the direct life companies are integrating part of watching very closely the latest assurance practice—the market-ing of policies which are not underwritten in that ordinary But this integration of direct rates are charged irrespective and reinsurance business is not of the state of health of the life assured. These policies are being issued in connection with mortgage repayment, the theory being that the saving in expenses more than cover the extra mortality risk.

arising from the death of the life assured.

The reinsurers, in dealing with a host of direct life companies, have a very wide pool of experience on various mortality risks. Thus are stated to £50,000 a comparatively low figure so that reinsurance is not required. For it is very doubtful if reinsurers would offer terms without medical evidence cal evidence. companies with its estimate of reinsurers have produced quite the effect on mortality claims of

Eric Short

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#### REINSURANCE VII

Lloyd's is still in the throes of putting its house in order.

### Reforms have yet to prove their efficacy

#### Lloyd's of London

the world's most important re-insurance centres, is fighting its insurance centres, is fighting its worst ever crisis in its near 300-year history. A series of scandals which surfaced last autumn and have occupied autumn and have occupied through conventional reliasurance cover they have often insurance the first state of the ruling another reinsurance in the solves of their shareholding links with Lloyd's managing. authorities of the Lloyd's mar-ket this year have challenged the way in which Lloyd's oper-ates and threatened its position in world reinsurance markets.

Two of the market's largest firms of insurance brokers. Minet Holdings, and their Lloyd's underwriting agency interests, are now the subject of Department of Trade and Industry and City of London Delice from countries. Police fraud squad inquiries. Other situations on a smaller

scale have emerged during the last year at Lloyd's where money belonging legally to the Lloyd's private membership, allow Lloyd's to function, has been diverted to companies secretly controlled by the pro-fessionals which look after their affairs. In one instance, Lloyd's has found that agency

These transactions, which have led to the allegations, supported by the Department of have all been carried out under the guise of reinsurance. The Ian Hay Davison, a senior companies to which the money accountant with Arthur Anderhas been diverted through resen, to become Lloyd's first ever this countain. been described as reinsurance

Lloyd's these activities have evolved over many years as part of the custom and prac-tice of the market. Reinsurance at Lloyd's has been used in a variety of ways other than merely to lay off risks which the market cannot support.

been used to provide a ware-housing arrangement for the premium income of Lloyd's syndicates. Professional underwriters of those syndicates which have taken on enough business to bring the syndicates near to their capacity limits

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profitable syndicates may decide to "equalise" or "smooth" the profits of those syndicates between one underwriting year arranged another reinsurance contract, usually with a related contract, usuarry with a related interest of the underwriting agency which manages the affairs of the syndicates, which takes out premium from the syndicate and places it in a "rollover" fund of the related interest. In this way the re-ported taxable profit of the underwriting member is

ment the premium can be resyndicate in a later under-writing account thereby smoothing the flow of profit reported for Revenue purposes.

But it was a fear that the capital base of Lloyd's—the 21,000 or so members who pledge all their wealth to allow the market to function—could be abused through the freedoms of the Lloyd's market that have led to a wide varies of the have

chief executive at the end of last year to steer Lloyd's through its troubled period. His entry to the market virtually coincided with the arrival of Lloyd's new self regulatory powers backed by an Act of Parliament which was passed last summer, Lloyd's first major

legislative change in more than 100 years. Since then a range of changes have been introduced and planned in order to stamp out abuse within the market and protect the interests of the 17,000 or so members who do not work in the market. Among the reforms are:

detect potential overwriting on privileges.
an underwriting account.
But other more serious issues an underwriting account.



 Underwriting agents will have to disclose their inter-connecting business interests within the Lloyd's community which carry out transactions reinsurance has been used for tax avoidance purposes. Professional underwriters for profitable syndicates and underwriting an underwriting an underwriting transactions. and a central register, the latter ● The audit and accounting

links with Lloyd's managing agency companies by mid 1987.
Lloyd's has ruled that control

of the managing agencies should be within the jurisdiction of the market's ruling council.

Not less than two thirds of the voting power should be beneficially owned by the working members of the market,

Lloyd's has said, and the market's professionals should form not less than two thirds of the directors, providing the professional representatives do not include a broker.

Rules for brokers are under sideration. Lloyd's has been

studying the requirements for brokers before and after their admission to the market. It is admission to the market. It is also considering introducing a five year review procedure.

Rules governing binding authorities, delegated mechanisms given by underwriters to outsiders in order to produce business for the market, are

Lloyd's central fund—a fund of last resort designed to pro-tect the interests of Lloyd's policyholders — is being strengthened. The fund currently stands at a gross £120m and Lloyd's plans to increase the levy on the membership to a maximum of cent of their gross income before the

of the premium to a reinsurance company owned by the interests of the underwriting agent managing the syndicates.

To this way the remium income figure net of the institution and it was vital the tax purposes will be based on gross privileges of Lloyd's were premium income rather than a fundamental to the success of have taken place into bye-laws.

executive, on the balcony above the Long Room. He wants a code of conduct rather than bye-

Mr Ian Hay Davison, chief

Lloyd's £3bn of premium in-come is accounted for by reinsurance business coming into the market, to a large extent from the U.S. Reinsurance activity has been unfettered by onerous rules and regulations by authorities world-wide.

Moreover, the efficient and effective transaction of reinsurance business relies on the speed in which individual deals can be arranged in order to provide continuity and security in the world's risk-heavier

Already Lloyd's market share has been declining for years in general insurance business, although it still retains its market dominance in marine insurance business, holding a 20 per cent share of the world's

At the same time, against its troversy, Lloyd's has to intro-duce a framework of regulation within its market which will support confidence among its major users and ensure that the security of the market is not undermined by the misuse of the funds of Lloyd's members, meet insurance claims and pro vide the security to Lloyd's

In order to reconcile these two contrasting demands Lloyd's is now attempting to conduct rather than a strictly codified system of self-regula-Lloyd's fear the second alterna tive may prove too inflexible and too draconian and inhibiting

For the moment some of the reforms contemplated and implemented have solved one or two of Lloyd's more are reformed in the contemplated and tested. The only problem under the contemplated system of codes in the code in the two of Lloyd's more pressing they are not legally enforceable problems. As Mr Davison took office he met with officials of ence by a court of law in the the British Inland Revenue who event of any alleged breach, warned that they proposed a Lloyd's has warned that if the draconian investigation into the codes prove to be ineffective affairs of Lloyd's. Mr Davison then the council would have to

of the underwriting agent managing the syndicates.

In this way the premium income arrangements.

In this way the premium income arrangements.

In this way the premium income arrangements.

From 1984, when the arrangements of the purposes of remaining within Lloyd's limits. The money can always be returned to the syndicate at a later date under a contractual arrangement or through the arrangement or through the arrangement or through the arrangement of a reinsurance contract

The Revenue were headed off by Mr Davison's proposals for greater disclosure in the market underwriting capacity in the market by the use of reinsurance arrangements.

The Revenue were headed off by Mr Davison's proposals for greater disclosure in the market whether or which would at least allow the market whether or not Lloyd's is successful in Revenue to identify where there had been any abuse by underwriting agents of the tax of the first tuttor and it was vital that the privileges should be retained.

The Revenue were headed off by Mr Davison's proposals for greater disclosure in the market whether or not Lloyd's is successful in maintaining its jealously and free-doms.

John Moore





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### Challenge from North America

THE PRE-EMINENCE of London as a reinsurance centre no longer goes unchallenged. The challenge, however, comes not so much from the "Lloyd's style" insurance exchanges now being set up in the U.S. (the New York Insurance Exchange, the Insurance Exchange of the Americas in Miaml and the exchange in Illinois) but from North American reinsurers as a whole. PRE-EMINENCE

whole.

Already, the requirements of
North American direct insur-North American direct insurance can be handled at home. Significant reinsurance business, however, continues to come to London, along with direct business which does not fit readily into a domestic portfolio — Lloyd's famous "one-offs"—or new types of risks such as satellites. When such risks become more conventional they will inevitably return to their home markets. From the North American have misused the devices. More monitoring of risk as it passes along the reinsurance chain is required. Since the enormous expansion of reinsurance over the last decade, the willingness to trust must be backed up with a willingness to maintain satisfactory security.

U.S. interest in London has, of course, been shown in its buying into the market, with Marsh and MacLennan's purchase of C. T. Bowring the

London Market

viewpoint more on-the-ground intelligence is needed if London is to continue to service success-fully the reinsurance business it attracts. London has experienced problems by giving experienced problems by giving underwriting authority, to people in North America who have misused the devices. More monitoring of risk as it passes along the reinsurance chain is required. Since the enormous expansion of reinsurance over the level deaded the williamness.

quent sale of Bowring's under-writing agencies was as much Marsh Mac's response to difficul-ties in combining broking and underwriting as a demonstration of its commitment to divest-

worldwide property catastrophe cover into the North American market. UK firms are ready to move business west if the price and conditions are right.

Hogg Robinson Group PLC's majority in Crosswall Reinsurance Company, London, a small treaty facility founded in 1977 which has now built up annual Gaining "entry to the club" can be difficult for foreign reinsurers setting up in London, and newcomers may find it difficult to make a mark. Brokers may offer highly risky business to test a newcomer's strength. Some overseas reinsurers view London as a market that can be dabbled in, and this can be

offices need to be competently staffed, and the parent company must not be impatient. Even with such caution, reinsurers can find themselves badly burned.

The transfer of the care of the case of th dangerous.

IRB UK, for example, the London branch of the semi-state Instituto de Resseguros do Brasil, Rio de Janiero, suspended its London business last December after incurring losses, largely on marine account, thought to be up to US\$200m. CAJA Nacional, Argentina, which set up a London in file in 1979, closed the office in July. ARIG (the Arab Insurance Group BSC, Bahrain) will increase retentions this year, and the Far East, through Singa-pore and Hong Kong, is now retaining a fair volume of its own business.
The cumulative effect of such

withdrawals will eventually be

quite considerable, according to one prominent UK reinsurance

Thus the rush to London of the past 10 years is wanting. The short cuts of agency or pooling devices which allowed foreign companies to use agents who were encouraged to write

The trend goes both ways, however. On a smaller scale, British companies such as Pearl Assurence and National Employ-British companies such as Pearl Assurence and National Employers Mutual General have taken stakes in individual syndicates on the New York Insurance Exchange.

Sun Alliance earlier this year switched the first layer of its worldwide property catastrophe worldwide property catastrophe majority in Crosswall Reinsur-

gross premium income of £6m.

The shape and development
of reinsurance markets in London and worldwide depends overall, however, on the central question of whether reinsurers, in search of rewards more commensurate with risks will attempt to influence ceding commissions in order to obtain meaningful profit and reasonable

would follow.

Mercantile and General Reinsurance, London, the UK's largest reinsurer, had losses on general business up by £8m to £31m for 1982, and predicts that

tails for 1982, and predicts that any return to profitability will be "some way off."

Royal Reinsurance Company, London, has stated that in proportional business it is no longer prepared to support ceding companies if they refuse to accept adjustments to treaty terms to reflect poor recent performance and poor prospects. Royal intends selectively to develop non-propor-tional business where it can exercise greater influence on

primary ratings. Lynn MacRitchie THE 1976 EAGLE INSURANCE CO. S.A.

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the signature

There will be shakeouts—and they may be painful'

### Experience the key to survival

In the U.S. alone, there has been an increase in the number of licensed reinsurance companies during this period from 44 to 147, producing a tenfold increase in the surplus dedicated to reinsurance business.

According to the leading U.S. According to the leading U.S. reinsurance group, General Re Corporation, the number of non-licensed (basically non-U.S.) reinsurance companies has grown at least as fast, and one of the principal dangers to which this has exposed the insurance industry is that experi-

To quote General Re's president. Mr Frank Munson, and chairman, Mr Harold Hudson Jr, from their annual statement to shareholders in March:
"With more than 75 per cent
of the world's reinsurance companies less than 25 years old.
experience, the only teacher in this business, has yet to teach all the lessons. There will be shakeouts—and they may be

General Re is not only the largest U.S.-based reinsurers but also one of the largest in the world. Revenues in 1982 totalled US\$1,497.7m, total assets at the end of the year amounted to US\$4,741.3m, and shareholders' funds passed the billion-dollar mark for the first

losses, General Re was able to contain the deterioration in its North American combined ratio to little more than 1.5 points, bringing it to 101.8 per cent. This was the first year of un-satisfactory underwriting re-suits for General Re since the catastrophic 1974-75 period and only the third underwriting loss enced reinsurance professionals in the past 35 years. are very thin on the ground.

General Re's

General Re's remarkable performance must be ascribed in large part to the company's ability to adhere to tight under-writing standards at a time when the direct and reinsur-ance markets in the U.S. have been subjected to exceptionally severe rate-cutting, coupled with its very prudent attitude to reserving for outstanding

able to raise property/casualty volume by 6.1 per cent, thanks particularly to the property facultative and financially

of reinsurance companies operating around the world has been dramatic during the past Re's size, however, is the excellence of its underwriting record.

Last year, when most U.S. insurers and reinsurers reported disastrous underwriting losses, General Re was able to

In common with leading com-panies throughout the industry General Re has recognised the weaknesses inherent in much treaty business and taken steps to eliminate or restrict the most vulnerable sectors.

Inevitably, General Re is having to look outside North America for much of its future expansion. As yet, although the group has offices in eight over-seas countries, its foreign operations generate less than \$250m per annum in net written pre-

Because of the unsatisfactory nature of the results from some of these territories, General Re is not likely to push excessively for growth in the near term, but replacing the UK branch,

volume by 6.1 per cent, thanks particularly to the property facultative and financially oriented treaty sectors.

Part of General Re's competitive strength has lain in its already marketing through the sectors and already marketing through the sectors already marketing through the sectors and the sectors and the sectors and the sectors and the sectors and the sectors and the sectors and the sectors are sectors.

was acquired last year).
In the United Kingdom, the existence of Lloyd's — the largest single reinsurance market in the world—has tended to inhibit the development of super-reinsurance companies like General Re or Munich Re.

expanding their reinsurance operations in recent years, not always with happy results, and in a few cases these reinsurance offshoots have reached substantial international proportions.

One of the most prominent of these companies is the Pruden-tial's Mercantile and General

Prominent

By the largest international standards the M and G is still of relatively modest size. Last year total group net premium income amounted to £345m, and published shareholders' funds at the end of the year stood at £50m, excluding unsultied investment appraisarealised investment apprecia-tion and inner reserves.

The M and G's reported it may be significant that at results have suffered recently the end of last year a UK sub- from a decision to strengthen mium increasing only modestly, sidiary became operational, technical reserves consider-General Re was nevertheless with the intention of eventually ably as a protection against the unfavourable insurance envir-

ferred from inner reserves to deal with the unforeseen develhareholders' funds passed the Part of General Re's compement services, which it is opment of prior years' claims, lilion-dollar mark for the first itive strength has lain in its already marketing through including those resulting from ability to develop new products. North Star Management Corsuch industrial diseases as More important than General The facultative department of poration and United States asbestosis and byssinosis.

In addition, £31.4m was trans-ferred from the profit and loss account in respect of current business. These provisions have been calculated on a stringent basis and are expected to be adequate to deal with the adverse situation facing us," stated chairman Mr D. M. C. Donald in the 1982 annual re-The composites have been

> "This position of strength in our technical reserves enables us to offer with confidence the security which our clients need in their reinsurance contracts."
>
> In common with the other long-established specialist reinsurers, M and G has been laying emphasis on the value of its professionalism and the strength of its security at a time when doubts about the security of much reinsurance cover are proliferating.

It has turned away unprofitable business and yet, in the last renewal season, was able to complete an encouraging amount of business on the terms proposed by its own underwriters.

Of the massive reinsurance groups which have developed in continental Europe, the two leaders are the Munich Re and the Swiss Re.

The Munich Re now has annual net premiums in excess of DM 8.0bn (almost U.S.\$3bn), reinsurance funds and pro-visions of more than DM 14.0bn (over U.S.\$5.0bn) and general funds in excess of DM 800m (almost U.S.\$300m).

Its size and the vast extent of its undisclosed balance sheet strength have not insulated it

Staff at work in the M and G's Moorfields office in London.

market, however, and its base in one of the most difficult markets in Europe has not

In 1981-82 it lost DM 248.5m (U.S.592m) on reinsurance underwriting, just under half of this deficit being attributable to fire reinsurance. A further DM 38m was allocated to the provision for "expected claims fluctuations" and DM 25m was added and special transfer to the added as a special item to the provision for outstanding claims. Thanks principally to a massive investment income social trends such as the infigure of DM 782.6m creasing incidence of arson in
(U.S.289m), however, a net
profit of DM 45.4m was burglary in the household reduction in volume.

The Munich Re now derives almost half of its total premium income from foreign business, and this was heavily loss-making

panding outside of the German

to more responsible reinsurance underwriting.

Broadly the same observations apply to the Swiss Re, which in 1981 reported con-solidated net reinsurance premium income for the group of SwFr 5.5bn (U.S.\$2.5bn). of Swfr 5.50n (U.S.pz.30n).

Non-life reinsurance underwriting losses have inevitably
been increasing, with the
collapse of premium rates
having been aggravated by
social trends such as the increasing incidence of arson in

and the other leading com-panies, the Swiss Re has strengthened its resistance to in 1981-82.

Nevertheless the group has no option but to continue example and it appears that a growing

from the depredations of the market, while at the same time surers that security is worth market, however, and its base in one of the most difficult position to spearhead a return the leaders' favour. With almost premiums already coming from outside Europe, the Swiss Re has gone a long way towards securing a truly international base.

Recognising that it was futile to continue pushing for strong premium growth in the conditions prevailing in recent years, Swiss Re's approach has been to stress underwriting been to stress underwriting selectivity in traditional lines. in some cases (for example quota share motor reinsurance

In common with Munich Re has generally been in more and the other leading companies, the Swiss Re has areas. In recent years there has a reas. In recent years there has a reas. Where growth has come, it for example, been quite strong growth in U.S. gross accident premiums.

**Peter Stokes** 

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### A guide to the new rules

market.

THE FIRST statutory returns have now been filed under the 1982 Insurance Acts and it is an the UK insurance accounting requirements and regulations which crystallised in 1983, following several years of amendments.

In summary, the principal changes which have taken place are: substantial alteration to form and content of returns required to be filed by authorised insurers and reinsurers; reinsurers have been who are presumed to be aware brought within the solvency of factors affecting their busiregulations formerly applicable only to direct general business only to direct general business Confusion in interpreting insurers; and life offices are and reconciling the returns filed now to be subject to newly under the different UK Acts introduced solvency regulations. governing insurance companies statements of brokers and other corporate intermediaries have been affected by changes in the

The commonly known "DOT are the statutory returns required to be filed under the UK Insurance Acts companies which authorised to accept UK insurance or reinsurance contracts. Today there are 840 such companies, many of which are branches or subsidiaries of foreign companies.

Hundreds of other foreign nsurance companies operate in the UK through representative offices, contact offices and agencies, but such foreign companies do not legally accept in the UK any UK insurances contract and are therefore not subject to regulation by the Department of Trade.

#### Returns

In addition to the statutory returns required to be filed under the Insurance Acts, all companies operating within the UK are required to file financial returns under the Companies

Because the supervisory regulations under the Insurance Acts have now been settled and the first returns filed it is possible to identify clearly the principal accounting differences between financial statements filed under the Companies Acts and those filed under the Insurance Acts.

Although recognising these accounting distinctions is of fundamental importance in any serious evaluation of London Market Security, many of the internationally circulated data sheets confine themselves to the very limited and superficial information available from UK Companies Acts returns. This approach is often rationalised on the grounds that DOT author-isation is of itself a sufficient

#### Accounting

mark of approval and security. However, this approach may fail to appreciate that the principal function of DOT authorisa-tion and regulation is "protectior of the policyholder in practical terms this is essen-tially protection of the domestic consumer of insurance not of international professionals ness relationships.

At the same time financial is due principally to the consequential effect on sharebolders funds arising from different asset valuation methods adopted and also due to the possibility different subsidiaries consolidated in each return.

Assets are valued differently according conservative acts but discretionary under the Companies Acts. However, "lower of cost or market" remains the established accounting policy in Companies Acts returns; part of face value of term securities is not a feature UK Insurance

accounting,

In the Companies Acts returns class, classification is arbitrary and discretionary and underwriting data is limited and superficial, whereas, under the Insurance Acts, it is rigid with each statutorily specified class requiring a separate comprehensive accounting analysis over numerous specific forms. Some of these differences are

illustrated below. Incurred but not reported claims are required to be disclosed under the Insurance Acts for one year class business and total general business but are not required in any form under the Companies Acts, In fact there are no specific requirements under the Com-

panies Acts for disclosure of underwriting data by Insurance Companies other than what is required of trading companies generally is a simple balance sheet and profit and loss account.
The Insurance Acts returns

require an extensive ysis of proportional non-proportional treaty analysis business accepted. Calculation of the required solvency margin remains a function of the Insurance Acts returns, and not of the Com-panies Acts returns, with two

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and one on claims paid. Premium portfolios and outstanding claims and loss port-folios are now reported in considerable detail for all

classes, and MAT business is analysed for the first time separately for each constituent class, together with an extensive accounting analysis of premiums gross of commissions and reinsurance, and by risk category within each sub class. Companies Acts Regula-tion is totally silent on the

subject, allowing the presenta-tion of selective, limited data. Claims and loss data gener-ally is sufficiently comprehen-sive for all classes and sub-classes to identify loss development trends

#### Understanding

Class gross premiums are now clearly distinguished in the DOT returns between (i) direct and facultive (ii) treaties accepted (iii) premium portfolios accepted and (iv) claims and loss portfolios. Reinsur-ance outwards is similarly classified, so allowing a more complete understanding of the

composition of net premiums.

The new DOT Form 30 requires disclosure of major reinsurers and major cedants by name; also now being filed are names of co-insurers within the EEC.

Filing of returns under the Companies Acts is required 10 months after year end for public companies and 13 months after year end for non-public companies engaged in international business, but all in-surers and reinsurers must be filed within six months under the Insurance Acts.

In the case of Companies Act returns, supervision and control by the Registrar of Companies remains weak by international standards whereas, under the Insurance Act. supervision and control is taken more seriously.

If there are any advantages

of Companies Act returns over Insurance Acts returns then these will continue to be in the area of corporate data generally, rather than in under-writing or security / credit analysis, is details from the chairman's statement and shareholder returns.

Companies Acts returns do not require disclosure of underwriting data, and for that reason comparative assessment using Companies Acts returns is recognised as being of limited validity.

There remain several areas under the new Insurance Act returns which continue to allow alternative methods of calcula-tion required to be disclosed, those so inclined sufficient dis-

cretion to achieve some degree of desired result; that is in the agement expenses, investment income and currency conversion.

Management expenses may be charged to either the revenue account or the corporate profit and loss account and unless one tion it is not possible to compere validly the underwriting performance of one company against another or even a trend

Further, the definition of investment income remains ambiguous and discretionary and its location within the accounts is also discretionary, For that reason any corporate investment income must neces-

for the purpose of comparative performance. Nevertheless underwriting results and preinterest corporate results can, subject to the normal cavest concerning the basis of establishing technical reserves, produce meaningful comparative data across the industry for

each class of business. Investment income may include/exclude realised ment profits or include/exclude unrealised investment profits. Whichever method is used

there is no consistency method used to account for the resulting "investment income." It may be in the revenue a/c or the corporate profit and loss a/c, or partially in both Credit is the norm but there is no ·above or below the line.

Further, some companies account for realised and/or unrealised investment profits through Exchange differences on currency movements also lack consistency in accounting treat-

For these reasons one must be very sceptical in forming judgments based on corporate pre-tax levels; unless the variable accounting practices and policies are recognised.

Nevertheless, despite minor weaknesses in the new accounting regulations than accounting regulations.

marketses in the new account-ing regulations, they are a sub-stantial improvement on pre-vious requirements and the international market interested in London market security now has access to a more reliable source of security data. Indeed, the Financial Times itself, through its Business Information division, is now marketing the first independent analysis service of secondary data extracted from the 1979-82 DOT Returns.

Peter Anderson

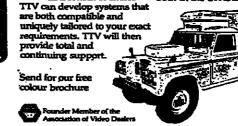








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